

**APRIL 6, 2005**

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April 6, 2005            LB 689A

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK:    Good morning.    Welcome to the George W. Norris Legislative Chamber. Our chaplain this morning is Pastor Harold Backus, from the First United Methodist Church in Auburn, Nebraska, Senator Heidemann's district, District 1. Pastor.

PASTOR BACKUS:    (Prayer offered.)

SENATOR CUDABACK:    Thank you, Pastor Backus, for being our chaplain today. We appreciate. I call the fifty-seventh day, the Ninety-Ninth Legislature, First Session, to order. Senators, please check in. Record please, Mr. Clerk.

CLERK:    I have a quorum present, Mr. President.

SENATOR CUDABACK:    Any corrections for the Journal, Mr. Clerk?

CLERK:    I have no corrections, Mr. President.

SENATOR CUDABACK:    Messages, reports, or announcements?

CLERK:    Mr. President, at this time I have neither messages, reports, nor announcements.

SENATOR CUDABACK:    Okay. We now go to General File, 2005 senator priority bills. (Visitors introduced.) Mr. Clerk, first agenda item, LB 689A.

CLERK:    LB 689A, Mr. President, a bill by Senator Stuhr. (Read title.)

SENATOR CUDABACK:    Senator Stuhr, you're recognized to open.

SENATOR STUHR:    Thank you, Mr. President and members of the body. The A bill, as we have been discussing yesterday, asks for \$10 million. And then there's also an allocation of about \$10,000 to help do the work of the task force that was passed yesterday. I do have an amendment to this bill to reduce that amount to \$8 million. So we will be discussing that shortly. But I know that from the discussion yesterday, the task force,

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the main goal of the task force will be to actually determine what that fiscal need will be to upgrade and coordinate distance education across the state. And I hope that you still have your yellow sheet that was passed out yesterday, because it does give that breakdown out. But with that, I will close at this time. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Stuhr. Mr. Clerk, motion.

CLERK: Mr. President, Senator Stuhr and Raikes would move to amend with AM1025. (Legislative Journal page 1078.)

SENATOR CUDABACK: Senator Stuhr, you're recognized to open on AM1025 to LB 689A.

SENATOR STUHR: Yes. Thank you, Mr. President and members of the body. I think it was very important to have the discussion yesterday in regards to the needs that we have been discussing in LB 689. We did pass, and I thank you for moving that proposal on, to establish a task force to look at the needs that we will be considering to upgrade the technology across the state. I think that's a very important aspect. As I was saying yesterday, what we have...this amendment reduces that \$10 million to \$8 million. And someone said, what is the actual minimum cost that you anticipate that this will cost? And this is why we brought forth the \$8 million, because it is what we are expecting. But as the discussion took place yesterday, which I think was very important, people are questioning, do we need to do that? It was our hope that at least bringing forth that amount that everyone knows now that we will be needing, what amount we don't know for certain, but that we are looking at this could possibly be the minimum. And as we were talking about yesterday, there will be networking costs. Right now, 180 schools have a contract that includes service and equipment. And some of those schools will...those contracts will be running out in August of 2006. And that's why we are going to need to set aside some money. With that, I will turn the rest of my time to Senator Raikes, in case he wants to add a few comments in regards to this amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Stuhr. Senator Raikes,

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you have about 7, 47 left.

SENATOR RAIKES: Thank you, Mr. President and members. Thank you, Senator Stuhr. Senator Stuhr, I think, has outlined the issue here well. I think there was agreement in the discussion yesterday, or I hope there was, that this is certainly an issue that needs to be addressed. We need to have an updated technological connection between schools in Nebraska. That goes away beginning in the...beginning July 1, 2006. What this is about is upgrading and continuing that arrangement. In terms of what that will cost, as Senator Stuhr has explained, we're not...in the base bill to the measure LB 689, we are not authorizing the expenditure of any funds. Rather, it's going to be a task force to come up with a plan as to what to do. The whole idea of the A bill, or the main portion of the A bill, is to provide a place in the budget for funding that may be needed once that plan comes in place. Our initial...the initial amount that was brought to us by those people who are expert in this area was...actually, was \$50 million over three years. That was reduced to \$30 million over three years, and now, as you see by the yellow sheet, \$26 million over three years. These are estimates. These are, I think, based on good knowledge of not only the technology, but the services available and what they cost and the providers and so on. So we are trying to make the bill conform as closely as we can to the best information we have. The best information we have at this point is that it would cost \$8 million in the 2006-2007 fiscal year. So that's what we are adjusting the fiscal note, or what we propose that you adjust the A bill to reflect. With that, I will stop and offer to respond to questions. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the opening on AM1025 to LB 689A. Open for discussion on that amendment. Senator Beutler, followed by Senators Chambers, Brown, and Kopplin. Senator Beutler.

SENATOR BEUTLER: Senator Cudaback, members of the Legislature, just to give you the order of things this morning, there are three amendments filed. You're hearing the first one, that proposes to reduce the appropriated amount from \$10,000 (sic) to \$8,000 (sic). The second one is my amendment, that would reduce

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the \$10 million to zero, but leave in the A bill the \$10,000 necessary to conduct and finish the study. And then the third amendment, Senator Chambers, independent of any discussion with myself, actually filed the same amendment to reduce the appropriation to zero. I'm not sure how to handle the debate. I think maybe that we should just do as we will with this amendment to reduce it to \$8 million, and then have the...what I think is the real discussion, which is, do we fund this at all at this point in time, or do we wait until we know what it is the study recommends specifically before we commit ourselves to many millions of dollars? In any event, that's where things lie at the moment.

SENATOR CUDABACK: Thank you, Senator Beutler. Further discussion on the Stuhr amendment. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'd like to ask Senator Stuhr a question or two, before I launch into a diatribe this morning.

SENATOR CUDABACK: Senator Stuhr, would you...

SENATOR STUHR: Yes.

SENATOR CUDABACK: ...respond?

SENATOR CHAMBERS: Senator Stuhr, who would primarily benefit from this bill if it were to be enacted into law and all of the money that is being sought was to be provided?

SENATOR STUHR: Senator Chambers, the schools and the children across the state. But I think from the discussion yesterday that we don't know...and that was the point that we wanted to make, is that it is going to be the main task and challenge of the task force to look at what these costs will be, to...you know, to do this work.

SENATOR CHAMBERS: Okay. And I wasn't looking mainly at...

SENATOR STUHR: And we wanted to set out, you know, an amount,...

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SENATOR CHAMBERS: Sure.

SENATOR STUHR: ...so that next year it came as no surprise that...

SENATOR CHAMBERS: Sure.

SENATOR STUHR: ...there would be some requirement.

SENATOR CHAMBERS: But my main question you answered. You're looking at benefiting children in the schools.

SENATOR STUHR: Yes.

SENATOR CHAMBERS: Okay. Thank you. The other day, members of the Legislature, we were talking about a juvenile compact. I expressed great concern about what happens to our children. The ones who support this bill didn't have anything to say about the welfare of children on that bill. Yesterday, we were talking about what they call Medicaid reform. And I spoke repeatedly about why I don't trust HHSS, don't trust the state and the Legislature, because they have gone along with cutting people off Medicaid who need it. And the ones who support this bill we're talking about did not get in that discussion. If I were a person who would let bitterness enter into me, I would be bitter. But bitterness is one of those emotions that can sap energy and strength without replacing it with anything of value. I'm going to read an article that was in this morning's paper. Headline: Ruling--Ending Medicaid Benefits Was Wrong. Young Senator Erdman was wondering why people such as myself would talk about experience giving me an idea of what is likely to happen when this approach is taken toward Medicaid. Subheadline: The lawsuit was filed on behalf of single working parents. A judge ruled Wednesday that the state was wrong to cut off Medicaid payments to scores of single working parents last year. Single working parents, and the people on this floor, in general, don't care, while talking about having people work, and the respect for the family. So much hypocrisy. If it was fetuses, we know who would be jumping up on this floor and yakety-yakking. U.S. District Judge Laurie Smith Camp ruled

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that the state wrongly cut off so-called transitional Medicaid benefits to Kelly Bowlin of Ogallala, and others in similar situations. Ogallala, way out west, and the westerners are the ones who are so hidebound, negative, intolerant, and unforgiving when it comes to helping people. So an outfit in Lincoln had to come to the aid of their people, because their representatives on this floor agreed to cut them. The Nebraska Appleseed Center for Law in the Public Interest filed the lawsuit, which accused the state of refusing to give Bowlin and other parents their temporary Medicaid benefits. Bowlin lost her Medicaid in January 2004, as a result of a 50-...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...cent per hour raise from her employer. According to the class action lawsuit, Medicaid recipients who get new jobs or raises or begin working enough hours that they exceed income limits must be given transitional benefits so that they can find an alternative to meet their medical needs. State Health and Human Services Systems officials declined to comment immediately. And because my time is running out, I need to finish this article. But I'm not going to rush through it, so I'm going to put my light on, and I'm going to get some of this into the record. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion. Senator Brown.

SENATOR BROWN: Mr. President, members, I wonder if Senator Raikes would yield to a couple questions?

SENATOR CUDABACK: Senator Raikes, would you yield to a question from Senator Brown?

SENATOR RAIKES: Yes.

SENATOR BROWN: Thank you. Yesterday, when you talked about the \$10 million figure, you said that the amounts had been developed by neutral parties. Could you explain who those...and "neutral" may not have been the word you used. But could you explain who the individuals are who had arrived at \$10 million as the

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figure?

SENATOR RAIKES: I'll try. Well, I will respond, Senator. I think what I tried to convey, at least, whether I did or not, was that these are people who are expert in the area, that understand the technology, but yet don't have an ax to grind. They don't work for a telecom provider, for example. And in particular, I think one of the key players was a person who works for the NITC.

SENATOR BROWN: Okay. What...you also mentioned the purchase of a statewide software system that would allow districts to be able to work together. Could you tell us a little bit more about that, and about the potential cost of that? Blackboard, I think, was the name of the system that you referenced.

SENATOR RAIKES: Well, I'll try, Senator. And in a way, that gets, I think, a little bit beyond the pure technology or hardware issues, more into organizational issues.

SENATOR BROWN: Which is what I'm much more concerned about. (Laugh)

SENATOR RAIKES: Okay.

SENATOR BROWN: And is that something that you believe that the study will take care of?

SENATOR RAIKES: I think it's imperative that the study address those issues. And I'll mention in particular a couple of things which are controversial, came up in the hearing, and is clear that there are people on both sides of these issues. We have, I think, 17 or 18 ESUs in the state. And their function reaches into the area of technology. They do other things as well, certainly. They vary different...greatly in the number of students they serve per ESU, and in the amount of funding per student they have available. I think that's an issue that needs to be addressed. In addition, dealing more directly with distance education in particular, there are a number of...and I'm going to say nine, and that's probably the wrong number...a number of distance education consortia located in the state,



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which deal specifically, or mainly, I guess I should say, with distance education issues. These organizations do not coincide with, in fact, overlap with, ESUs. And you...so you have a sort of an overlapping, disparate set of organizations within the state dealing with this and, admittedly, other issues. ESUs, for example, are strong supporters of special education programs, particularly in the western part of the state. But you have this disparate group of organizations within the state dealing with technology. And at the same time, there is no at least officially organized statewide platform to manage technology on a statewide basis. Why that might be important is a topic you mentioned. If there were interest in providing the...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ..."e-learning" function, say, through ANGEL or Blackboard, it would make sense that the state would deal with the vendor as a state, rather than each separate organization out in the state dealing separately with that supplier. So I think there's definitely a need for a statewide platform.

SENATOR BROWN: Is any of the money that we're talking about, any of the \$10 million, or \$8 million, or any of it, going to either ESUs, these distance education consortia, or possibly to a statewide platform?

SENATOR RAIKES: That would all be determined by the task force and its work. At this point, for example, if this amendment were adopted and the bill were passed with an \$8 million...

SENATOR CUDABACK: Time, Senator.

SENATOR RAIKES: Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Further discussion, Senator Kopplin, followed by Senator Chambers and others. Senator Kopplin.

SENATOR KOPPLIN: Thank you, Mr. President, members of the Chamber. I'm going to speak in support of this amendment, and

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certainly in support of the bill, even if it ends up with some other amendments when we get down to the real discussion. Actually, this is the real discussion. It wasn't that many years ago that computers were placed in our schools. We started out with one or two in a building. It wasn't an easy thing to convince board members to do that. It was new, it was different, and maybe it wasn't too efficient at the time, but it was the best we had. Then we discovered that we could Internet...or, that we could network computers. So we went back to the boards, and they had another decision to make. That meant we had to buy more computers and put in wiring and network. But we convinced them. They swallowed hard. They paid for them. Then we discovered that we could do wonderful things if we had computer labs. Back to the boards. Again, they had to swallow hard, cost a lot of money. But they did it. And schools all over Nebraska have computer labs and...in both elementary and secondary, well-used. And then we discovered that there was a need for classes in many, many small schools that they simply couldn't do, because they didn't have enough students. But we could do it. We could do it by way of Internet, we could do it by way of distance learning. The federal government got involved, and put out "e-funds" that we could apply for, which we did. The Legislature got involved. They said all these expenses could be outside of the lid. So we moved to going to classrooms, distance learning. And we chose to go mostly with interactive classrooms. That meant that pupils could interact with the teacher, no matter where she was. And these classrooms seemed to work well. Then consortiums developed all over the state. There are numerous of them. There are still a few areas of the state, however, that are not affected by this. They need to be brought into the system. Everything needs to be updated. I have enough knowledge of computers to listen to the talk and perhaps get mine to work occasionally. And when we started our first consortiums, we started out with a system called analog system. Don't know what it means, but it worked. Very short time later, they came to us and said, you know, this analog isn't work; we need to go to a JPEG system. Don't know what a JPEG system is. But regardless of how long it took, they explained it to me, and finally I came on board and says, yeah, we need to make the change. Costs more money, but we did it. Now we've reached the point where this

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equipment is dated again. The Legislature is in the same spot the school boards have been for a long time. We have to update...

SENATOR CUDABACK: One minute.

SENATOR KOPPLIN: ...equipment. That means that we're going to need some money. The bill is now asking for \$8 million. Yes, the study can be done for less than that. But to do the equipment, we're going to need that kind of money. Senator Redfield said yesterday, perhaps it's cheaper to do with the Internet. And she may be right. But we still have areas of the state that need to get on board. Senator Stuthman yesterday asked, is it all worth it? And I can only point to what the consortiums do. The Southeast Consortium has some 58 schools. The Southwest Consortium over the years have worked with over 17,000 students in classrooms that could best be served on a distance learning package. We need to keep the real discussion...

SENATOR CUDABACK: Time, Senator.

SENATOR KOPPLIN: ...on this bill. Thank you.

SENATOR CUDABACK: Time, Senator. Thank you, Senator Kopplin. Senator Chambers, followed by Senators Brown and Stuhr.

SENATOR CHAMBERS: Thank you. Mr. President,...and I have a reason, other than saying I told you so, for reading this article. It's an entranceway to other things. Anyway, after the decision came down, state Health and Human Services System officials declined to comment immediately. Hand caught in the cookie jar, they don't want to acknowledge it. You saw the way they did when they hired the murderer. Quote, the state of Nebraska should be focusing on lowering the number of people who are uninsured, rather than increasing them, said the one who was presenting this. Removing the people from the Medicaid program was done during a special budget cutting legislative session in 2002. Guess who opposed that, and was trampled into the ground. And I can tell you, I told you so, again. You all don't pay attention to me. But the record is there, and I like

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to rub your noses in it. Because you do cruel things, and you hurt the people who are vulnerable. Continuing: The case was similar to another filed by the Appleseed Center on behalf of an estimated 10,000 single working parents who were cut from the Medicaid program in 2002. And guess the gender of the vast majority of these single parents. Women. So the fetus supporters care nothing about the women struggling to take care of these children in being. Let me continue. A federal judge ruled in 2003, in that case, that the state had to make payments which total \$18 million a year to the families while the case was pending. Families. You all who yakety-yak about family values, and how do you value families? You cut medical care coverage. What hypocrites. The state has since settled that lawsuit. Tremendous legislative leadership, under Christians and fetus supporters. In deciding Bowlin's case, Smith Camp, the judge, cited a ruling from the Eighth U.S. Circuit Court of Appeals in the 2002 lawsuit. The state had argued that the Eighth Circuit ruling in that case was not binding in Bowlin's case. You don't even have good lawyers. But the lawyers are reflecting the negative, backward, cruel attitude and mentality of this Legislature. Yeah, I'm condemning this Legislature for its hatefulness. Then we come in here with a high-tech bill, people talking about computers and distance learning, and not one word about how the children are going to be benefited. What are they going to learn? What are they going to be taught? There's no talk of that. This is talking about schools, administrators, buildings, but not any of those for whom all of this supposedly exists. Senator Mines and I were just chatting. And I was saying, the way things go around here, you can put in all this hardware, and then give a child a newspaper, and the child may not be able to read the headline. Child cannot write a complete sentence that is grammatically correct, cannot write a paragraph. And listen to the way some of us on this floor express ourselves. And what are we doing this for, that we're talking about in this bill? Who's concerned about what the children are being taught and the competency and capability of teachers? I get letters from teachers supporting bills, and the letters are examples of some of the most atrocious grammar I've ever seen. They should not be teachers.

SENATOR CUDABACK: One minute.

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SENATOR CHAMBERS: George Bernard Shaw said: Those who can, do; those who cannot, teach. I add to that: Those who cannot teach, teach teachers. The worst teaching that goes on is in these schools and colleges of education where they train teachers. And a lot of people wind up on the faculty who could not make it in their given profession. A lot of people go into these teacher colleges who cannot make it in the realm of study that they chose in life. So what do you have at these teacher colleges? Those least capable to teach...those least capable of teaching, instructing those least capable of learning. And the product winds up in front of these classrooms, and that's why Johnny and Johnna cannot read. You have people who cannot teach. And I'm not through. But on this time, I am, Mr. President, because I know my time is up. Thank you.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion. Senator Brown.

SENATOR BROWN: Mr. President, members, I would like to continue on the...in the conversation that we were having before. And I wondered if Senator Raikes would yield to a couple questions.

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: Yes.

SENATOR BROWN: You talked about the overlap between the ESUs and the distance education consortium. How did the distance education consortia come into being?

SENATOR RAIKES: I can't...Senator, I'm not sure that I can give you an accurate history on that. My understanding is that they sort of arose out of need, or out of...

SENATOR BROWN: But if we already had ESUs, how did we allow this overlapping to happen?

SENATOR RAIKES: Well, I'm not sure that there was direct control, say, at the state level on that. In fact, I'm not sure that distance education consortia are mentioned specifically in

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statute.    Maybe they are.    And if they are, it's not in an organizational sense.    And I might add, along those lines, that by the same token, ESUs, which of course are mentioned organizationally in the statutes, have also sort of evolved according to need or a desire to address certain functions, to the point where you've got, at least in a case or two, an ESU that specializes in technology and serves not only that area for that ESU, but a number of others as well.    So it's...my understanding is that it's a structure that sort of evolved without the benefit of statute to sort of address needs as they appeared.

SENATOR BROWN:    So the idea of the study is to get some control of the structure before we start spending money, or more money.

SENATOR RAIKES:    That would be my assessment of it, Senator.    That is, that really the structure would need to be defined first, before there was any recommendation about the funding.    And again,...

SENATOR BROWN:    Well, and I would...and then I would say that this discussion that we're having, would seem to me that we should lean towards the Beutler-Chambers approach.    Because if we don't yet know exactly what it is that we want, exactly what the structure should be, then how can we start determining at this point the amount of money?    And one of the things that I would...and you can respond to this, but one of the things that would think is, if you're involved in an auction and you've put either \$10 million or \$8 million on the table, that becomes your bottom number, and it only goes up from there.    Would you like to respond to that?

SENATOR RAIKES:    Certainly you're right, Senator, that at least a big...or an important part of this is negotiations with providers on services and equipment and that sort of thing.    But another important part of this is informing the Legislature in the budgeting process what an appropriate system might cost, so that appropriate planning can be in place to accommodate that.    You're absolutely correct, we don't know for sure what the task force would come up with.

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SENATOR BROWN:    The \$8 million, though, doesn't have anything...

SENATOR CUDABACK:    One minute.

SENATOR BROWN:       ...to do with the task force recommendations,  
does it?    It's for after the task force.

SENATOR RAIKES:    Yes.    It's in some way anticipating a task  
force recommendation regarding updating technology.

SENATOR BROWN:       Well, one of the things that Senator Redfield  
brought up--and it may have just been in a conversation between  
the two of us--is that we have a great deal of willingness to  
provide classes, but maybe not as much of a market for that, in  
terms of groups that wanted to receive classes. And do you have  
examples, good examples, not of where there's a provision of  
services--I mean, that's got to be part of the equation--but  
where there's a...the receiving of services has really improved  
education?

SENATOR CUDABACK:    Time, Senator.

SENATOR RAIKES:    Saved by the bell.

SENATOR CUDABACK:    Thank you, Senator Brown.            (Visitors  
introduced.)    Mr. Clerk, priority motion.

CLERK:       Mr. President,    Senator Chambers would move to bracket  
LB 689A until April 8.

SENATOR CUDABACK:    Senator Chambers, to open on your motion to  
bracket.

SENATOR CHAMBERS:       Thank you, Mr. Clerk.            Thank you,  
Mr. President, members of the Legislature, friends all. If this  
motion were to be adopted, the bill would come up for debate  
again in two days, day after tomorrow. Sometimes I cannot allow  
debate to continue in the direction it's going, when there are  
things I want to say and I will not have the opportunity to say  
them so that I can strike while the iron is hot. So it becomes  
necessary to take over the debate and change the direction, and

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that's what I'm going to do this morning. I don't care if nobody addresses the issues that I'm raising. But when we get into a different forum, where people are not swayed by their narrow, religious dogmas, where they are not bound by the intolerant policies of their political parties, in other words, in a courtroom where a judge is going to look at evidence, my position is vindicated far more times than that of the Legislature. So it matters not to me whether I lose the battle in here. When the war is decided, the Legislature loses. We are the branch of government where policy is formulated. We are the branch where the thinking, the careful consideration of issues, is to take place. Our job is to service teachers of the public. We should educate them on issues and show them what we think is important. And that's not being done. I don't care if they took every computer out of all the classrooms. You could not convince me that the capability of the students is going to be lowered that much. Because I'm old school, I do not insist that everybody conduct their life and their affairs in the way that I do mine. I still write out things in longhand. And sometimes I use a lead pencil. The most high-tech implement that I use is an electric typewriter. I don't use computers for anything. Now, this gadget on the desk is called a computer. But about the only thing I know how to do with it is to turn it on and find out information on bills. I cannot call up all these beautiful pictures and other things that I see on others' gadgets. But everything that I use here is a tool. And the purpose of a tool is to accomplish a job. And our job is to fashion and enact wise and just legislation. And when we talk about bills that relate to the schools, that's the direction we go--schools, but not students. There is no great amount of pride taken when you might pick up the paper and see where some Nebraska students did well in geography, or in math, or science, because that's not important. But say that you've got a 6-foot-3, 295- going on 330-pound tackle who's going to play for Nebraska, and Nebraska's recruiters won the contest against Oklahoma and Texas--euphoria throughout the state. If Nebraska loses a football game, there is mourning in this state the following Sunday. Crepe is put up on all the fence posts. The window shades are pulled down. Children are told to be quiet. They don't let the dogs bark or the kitties meow. The streets are deserted, and people go into mourning over football. We



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come to a bill like this, and who talks about what the children are learning? How many people visit classrooms or talk to students and find out what they think they're being given? When they leave the school where they're supposed to have been taught, how capable are they to compete with students from other parts of the country? And even if they compete against students from other parts of the country relatively successfully, overall, the education level in Nebraska is pathetic when compared to what's happening in the rest of the world. Why do you think the medical profession in this country is heavily dominated by foreign people? The research done by people whom some Americans, nativists you would call them, because they are so opposed to anything not American, will say, well, I can't even understand what they're saying. So what if you can't understand. You don't understand what they're doing either. So just go on back to your pickup truck, put your shotguns in the back window, carry a concealed pistol, because that's what moves you more than anything else, and get left in the dust by everybody around the world. If every country that has contributed those to this society who are doing the uplifting things, America would fall flat on its face the very next day. The economists, the medical doctors, the research experts, the mathematicians, the physicists, they're not native-born Americans. You have the president of Harvard talking about how women don't even have the capability of men when it comes to certain subject matters. And instead of looking at the reality of how women are suppressed in this society, a great amount of "yow-yow" takes place about freedom of speech. This guy has the right to say what he wants to. I think there are too many times when attention is diverted from the real issue. Women do make up more than 50 percent of the population. Why? Because a lot of young men go to war and get bumped off carrying out the wishes of politicians. But at any rate, a huge pool of talent and capability is being ignored and undervalued. And America as a nation is suffering as a result. Women don't have to just bear babies. They don't have to be breeders in order to fulfill their purpose on this earth. They don't have to stay home and make cookies and scrub floors and take care of some lazy man who's going to spend his time making babies and bumming money from the church or someplace else to pay for his particular hobbyhorse desires. Women need to stand up and take over this

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country. Women have power. Lysistrata is an old Greek play that you ought to read. The Greek women got tired of their young men dying in wars created by these old men. Old men make wars; young men fight them, and now young women, too. So they said, you're not going to have any sex until the war ends. And brothers and sisters, that was one of the shortest wars in the history of humankind. Stop them. Don't give them what they want. You can rule this country, and you can do a much better job. Look at the discrimination everywhere, everywhere. When there's discrimination against old people, who's discriminating against them? White men. Discrimination against women, who's discriminating? White men. Discrimination against black people, who is discriminating? White men. They run everything, and ruin everything. So when we get a bill like this, there is an unwillingness to talk about what all of this is designed to achieve. And it should be to achieve better education for our children. And that doesn't just mean reading, writing, and ciphering. It means understanding something about human beings and the value and worth of human beings. Everything born of a woman has intrinsic dignity and should be accorded respect, which is not the case in this country. America is hated not because it's so free. But it violates its own principles so much in this country, then it wants to go all over the world and lecture to everybody else about how they ought to live their lives and run their countries. That's why America is hated. The arrogance,...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...the intolerance, the disregard for other people's customs, their history, disrespecting their women. So I think this discussion this morning ought to take a different path. And you all don't have to participate, but I'm going to have opportunities to put into the record what I think ought to be there. And I won't take this motion to a vote. But maybe I will. Thank you, Mr. President.

SENATOR CUDABACK: You've heard the opening on the bracket motion. Open for discussion on that motion. Senator Stuhr, followed by Senator Chambers, Brown, Kopplin, and Schimek. Senator Stuhr.

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SENATOR STUHR: Thank you, Mr. President and members of the body. I stand in opposition of the bracket motion. But I do just want to make a couple comments. Senator Chambers and I are probably in the same generation. And I can tell you that we live in an age of technology today. My grandchildren know more about computers than I would ever hope to know. They've grown up with it. They live with it. I know that the students in our high schools, most of them will teach the teachers, you know, how to operate the computers. And that's what we're talking about, is this distance education, which provides classes to students across the state who don't have opportunities to have access to many of these classes. And I did find some information that foreign languages and literature classes are probably the number one type of classes that are taught, particularly because many of the small schools and rural schools and schools across the state do not have access to all of the foreign languages that are being required of students today. Also, social sciences and history is another area. I particularly appreciated the remarks from Senator Kopplin, because he has had experience as a superintendent in knowing exactly what is required of many of the schools today. And unfortunately, that is the age that we're living in. And we know, when we buy a computer, by the time we get it home, it's probably...it's beginning to be outdated. I mean, technology changes very, very quickly. And that's what we're facing. I do agree that it is unfortunate that we didn't have some prior information in knowing that these contracts were about to become obsolete, and that's what we're talking about. Yesterday I tried to share with you that...and we talked a little bit about this JPEG, this codec, and some of the network upgrades, that that's where we're looking, actually, at a cost of about \$5 million. And that is looking at 60 school districts. As we've talked about, I'm...I would hope that we could just move on the amendment and then also address the other amendments that are before us. But as we are looking at this yellow sheet, we are looking at, as what has been said before, experts that have gotten together and looking at the costs of what it will cost to replace some of this technology and update it: in fiscal '06 and '07, about \$5 million for this JPEG; the Network Nebraska support, about \$441,000; and then the total "e-learning" and

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digital media, \$2.4 million, with an estimate of about \$7.9 million. And that is why the amendment is before you to reduce the \$10 million to \$8 million. A couple other things, the future networking scenario would enable elementary, middle, and high schools to have multiple low-bandwidth video connections occurring simultaneously. And right now, it's my understanding that most of these schools can only provide one distant learning classroom at a time. So what we're talking about...

SENATOR CUDABACK: One minute.

SENATOR STUHR: ...is expanding the technology in these schools across Nebraska, also our colleges and our university, and making this a system that is connected. I also understand, it was pointed out that there are standards that have to be met, in regards...and that is why we are looking at some of the cost. What will this project mean for the future education in Nebraska? Over 300 educational entities in Nebraska would be fully interconnected with each other. And that is certainly going to be a very...a plus. There will be dozens of schools that will be able to work seamlessly together. I know I talked to my superintendent the other night, from Heartland, located in Henderson. They cannot...

SENATOR CUDABACK: Time, Senator Stuhr.

SENATOR STUHR: ...even connect with Sutton, which is only a few miles away. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. (Visitors introduced.) On with discussion. Senator Chambers.

SENATOR CHAMBERS: Thank you. Mr. President, members of the Legislature, I'd like to ask Senator Stuhr a question or two.

SENATOR CUDABACK: Senator Stuhr, would you respond?

SENATOR STUHR: Yes.

SENATOR CHAMBERS: Senator Stuhr, you mentioned the teaching of

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foreign languages. Which languages would be involved in that, if you know?

SENATOR STUHR: I don't know. I mean, I think there's a wide variety of languages that are offered. But most of the students are now required to have a foreign language when they graduate from our high schools.

SENATOR CHAMBERS: Would Swahili be one of them, do you know?

SENATOR STUHR: I don't know.

SENATOR CHAMBERS: But...if you don't know. Do you know if Spanish is one of them?

SENATOR STUHR: I would assume that Spanish could...

SENATOR CHAMBERS: But we don't know for sure.

SENATOR STUHR: No, we...I mean, I think that's the school's choice.

SENATOR CHAMBERS: Wouldn't one of the best ways to learn a language be to communicate with those whose language it is? Wouldn't that be a good way to learn a language?

SENATOR STUHR: Yes, that's always the best way. But unfortunately, teachers are not available, and that's why distance education is often used in this area.

SENATOR CHAMBERS: But in some of these schools to be serviced, aren't there a lot of children who speak Spanish?

SENATOR STUHR: Depending on the location of the schools.

SENATOR CHAMBERS: And these children, instead of being made to feel that something is wrong with their language, could be of assistance in teaching a second language to children who speak only English. Isn't that possible?

SENATOR STUHR: Yes, that's possible, and it's probably

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happening.

SENATOR CHAMBERS:     But we don't know whether it is or not, do we? We know they're trying to make all these kids learn English. We know that. But we don't know that the flip side of the coin that I'm discussing is being utilized. We don't know that for sure.

SENATOR STUHR:   No, I don't know.

SENATOR CHAMBERS:   When you mention social sciences, does that mean these children are being taught how to live with and respect others who may be different from themselves? Would that be a part of social science instruction?

SENATOR STUHR:   I don't know, Senator Chambers.

SENATOR CHAMBERS:   Should it be a part of social science instruction?

SENATOR STUHR:   Yes, I would believe that...yes, it should be an attempt, yes.

SENATOR CHAMBERS:   Do you think there are children who are gay and lesbian? Do you think there are such children who attend the public schools in Nebraska?

SENATOR STUHR:   Yes, there...are.

SENATOR CHAMBERS:   I noticed that little catch, so I'll give you a chance to kind of get it together. Do you think there should be some teaching in the public schools that all people and children should be respected, regardless of what their sexual orientation is, their religion, their country of origin, or the language they speak? Do you think that should be taught in the public schools?

SENATOR STUHR:   I was...I have always felt that people should respect each other.

SENATOR CHAMBERS:   Even those whose sexual orientation may be

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different?

SENATOR STUHR: Yes, everyone should...there should be respect for everyone.

SENATOR CHAMBERS: Do you believe that people who might have a different sexual orientation should have the same opportunity to earn a living like everybody else by getting a job? You're hesitating. The Catholic Church teaches, and they're mourning the Pope now, that everybody has a right to earn a living and get the wherewithal to take care of his or her family. So if you're going to be honoring the Pope--not you specifically--but if there's going to be all this mourning about the Pope, and the church teaches about the right of all people to earn a living, certainly we couldn't be in favor of discriminating against people, could we? I guess I'm talking to myself now. But that's what often happens around here in this Legislature. I'm talking to myself. But there are people who understand what I'm talking about. There are people who are victimized in a way that is unfair. And when I'm out of this Legislature, these issues will never be discussed on this floor again. It will be the ending of an era. And I know a great sigh of relief will rise throughout this state. They don't have to think about these things anymore. They can pretend that people with these problems...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...and who are mistreated in this way do not exist. They can be reduced to the level of animals, as happens when these bills are discussed before the Judiciary Committee. And people on that committee will vote against legislation that would protect the right of people to earn a living in this state. Then they'll stand on this floor and pontificate and talk about protecting fetuses, carrying hidden pistols. But they don't care about the fact that people are not allowed to earn a living and are discriminated against, can be openly discriminated against, and the law provides them no protection. And they're proud of Nebraska, because they hope someday everybody can carry a hidden pistol. That is the big thing in this state. And it is tragic, and it is pathetic. But as long

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as I am here, I'm going to talk about these things. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion? Senator Brown, followed by Senator Kopplin.

SENATOR BROWN: Mr. President, members, I was going to continue a conversation with Senator Raikes, if he would yield to some more questions. But I...first, I will say that I understand much of what we've talked about in terms of our young people being exposed to technology, being able to learn how to deal with technology. It's a very different world that they are going to operate in. My concern is that we not have...there's an assumption, and certainly with this, we're not talking about the provision of technology training to our students with this. We are talking about the provision of classes, a wide variety of classes, through technology. You would assume that that is a way to gain efficiencies. But what I've found, unfortunately, in much of the discussion that we've had about technology--and I mean outside of the education realm, but across the board--that technology...by saying the word "technology," we sort of excuse our...the inefficiencies of our system. And I've heard well too much that the system that we have right now--in fact, that's the whole rationale, I believe, behind the study--the system is overlapping; that we don't know what kind of coordination we have. There have been suggestions about lots of things that can be done, but they're not being done. We didn't even know that the situation existed until right before the session started. And that does not inspire a great deal of confidence in me in the system of coordination that we have. But if Senator Raikes is available to finish the line of questioning we had before, would he yield to a question?

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: Yes.

SENATOR BROWN: At the end, we...I had said that it seems like we have a system that...where everyone wants to provide classes, but I haven't heard good examples of the provision of classes, that there be...that there's somebody that's receiving those



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classes, that it's been beneficial. Do you have some examples of that?

SENATOR RAIKES: Senator, I have some summary data which I think may be informative, not specific anecdotes. But generally speaking, about...the information I have, that about 52 percent of the courses taken via distance learning classes are foreign language and literature classes. So that is the biggest area. The second-biggest is social sciences and history. The data that I have here indicates that, in 2003-2004, about 9,500 students participated or were enrolled in distance learning classes, and about another 2,300 adults.

SENATOR BROWN: Thank you. I'm still back to the idea that I support the study, and I believe that we do need to make an investment in this if we can show that it is being used to the degree that it justifies whatever the cost is. And...but I do have grave reservations about going forward with any amount presumed to...

SENATOR CUDABACK: One minute.

SENATOR BROWN: ...be used, because that becomes the bottom amount from which we begin to negotiate. I think we absolutely have to fund the study. I think we absolutely have to go forward, with the idea that we are going to have funding for distance education. If we can do that, if, as Senator Pederson said yesterday, we can do that in a mid-biennium budget adjustment, I think that's probably the better way to go. And I'm not certain that I believe that bracketing the bill until Friday, when we're not in session, is...(laugh) is going to be particularly helpful in making this decision. Thank you.

SENATOR CUDABACK: Thank you, Senator Brown. Senator Kopplin.

SENATOR KOPPLIN: Thank you, Mr. President, members of the body. I too will speak to this bracket amendment. I'm not quite sure how all this works, but with my school background, when you have to come in on recess, it's kind of bothersome. So I'm not going to be in favor of this bracket on Friday. I've worked with teachers all my adult life, primarily elementary teachers. They

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are wonderful people, some of the brightest, most caring, most careful people that I know. I'm proud of my association with them. They do their best to talk about how to get along with other people, how to get along with their peers, how to respect everybody. These are things that all teachers, that I know, at least, commonly do every day. I'm proud of them. And as far as people not being able to do something else go into education, I would be glad to sit down with any of you and have a conversation. I think you'll find my intelligence is not lacking. Now, as far as the movement on this bill, let me tell you, the consortiums are well organized. Little by little, they're not only communicating with themselves, but with each other. And, yes, distance learning can do a lot in social science. Maybe that's how we get some of the cultural needs met in this state. I don't know. As far as foreign language, I came from a school district that was fortunate enough to be able to have two languages taught--German and Spanish. Don't know why we chose German and Spanish, but that's what it was. I know other schools that are even larger than I that have a whole slate of foreign languages. But I also have friends in areas of the state that don't have enough students to offer even one language. Distance learning helps that. This isn't about just computers and how young people get along with technology and all that. This is about people, and how the best way to get ideas across the state of Nebraska. And I am still firmly in support of the original bill, the amendment that's on the floor. And any other amendments that may come on, I'll probably live with. But I certainly support this bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Kopplin. Further discussion? Senator Schimek, followed by Senator Loudon and others.

SENATOR SCHIMEK: Yes. Thank you, Mr. President and members. I am not in favor of the bracket motion. But I would like to ask Senator Chambers a question or two, if I might.

SENATOR CUDABACK: Senator Chambers, would you yield to a question from Senator Schimek?

SENATOR CHAMBERS: As I always say, for my female colleagues,

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certainly.

SENATOR SCHIMEK: Yes. Thank you. And I want to say something about that in a few minutes. But I want to find out your intentions here, Senator Chambers. I think Senator Brown has just alluded...or stated the fact that this is bracketed until a recess day. And normally, in the normal course of events, doesn't this bill get bracketed, in a sense that it can't be taken up until after the appropriations bill, anyway?

SENATOR CHAMBERS: Well, what I had stated the last time I spoke, I may not even take this to a vote, anyway.

SENATOR SCHIMEK: Oh, you did?

SENATOR CHAMBERS: It's for the purpose of the discussion.

SENATOR SCHIMEK: It's just for discussion. So I don't need to question you any further about that. I am...

SENATOR CHAMBERS: Not on the date.

SENATOR SCHIMEK: ...I am opposed to the bracket motion. Could be because I think it will be considered, along with everything else, at some point in time.

SENATOR CHAMBERS: But could I make a confession?

SENATOR SCHIMEK: Yes.

SENATOR CHAMBERS: I'm a day behind. I was thinking the 8th would be Thursday. So I'm...

SENATOR SCHIMEK: (Laugh) Oh, I'm so pleased to hear you say...

SENATOR CHAMBERS: ...acknowledging that, too.

SENATOR SCHIMEK: ...that occasionally there's a slip there. I do want to thank you for your comments about your women colleagues. And I think that if people aren't aware that they need to be that in a matter of a few months or so we're going to

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be losing one of our colleagues. I think everybody is aware of that. And she's not going to be placed...replaced with a female senator, so that will take us down to 11 women senators in this Legislature, down from a high of 13 several years ago. In addition to that, in 2006, there will be 4 more women leaving the Legislature, and that will take us down to 7, or 6 maybe it is. I may have not counted things exactly right. But I'm very, very concerned about that, because I think some of the experiences in other states have found that women and minorities have actually lost ground in the term-limited atmosphere. And so I am concerned about that. I think the fact that we now have 11 women, or 12 women right now, is very positive. No longer do I serve on a committee without any other of my female colleagues on those committees. Senator Chambers, I know, other than you and Senator Aguilar, we don't have representatives from other minority or ethnic groups in this Legislature. And that must feel kind of awkward for you at times. But I think you've managed to overcome any of that. I think you've more than made up for the lack, perhaps. So all I wanted to do is to raise the consciousness and make people aware that we, as members of this Legislature, need to be encouraging people to run for the Legislature in two years from now and four years from now, and try to keep some diversity in the legislative body that we already have. And I think that's very important. I'd also like to comment on some of the questions that you were asking Senator Stuhr a while ago. Because I know for a fact that the Hispanic population is the largest growing population in the state, and that the Hispanic students are the most numerous requiring English as a second language in our public school systems. And yet, I don't think we're encouraging enough Spanish-speaking...

SENATOR CUDABACK: One minute.

SENATOR SCHIMEK: ...students to go on and get a higher education so that they can be teachers, so that they can be police officers, so that they can be attorneys, so that they can be in a position of being bilingual helpers of other people in this country. And I just think it's critical that we keep that in mind as we talk about encouraging all students, of course, to get the best education that they can. But particularly where we have a dearth of bilingual people in this country, I think that

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we need to be very cognizant of that. So thank you for the opportunity to speak, as Senator Chambers does sometimes, about sort of related issues. Thank you.

SENATOR CUDABACK: Thank you, Senator Schimek. Further discussion. Senator Louden.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As I've listened to the debate going on about the LB 689 and of course the bill before us, the appropriations bill, I see on my gadget where there's amendments down to \$8 million, and there's some amendments that take it clear away, and that sort of thing. So I would like to...may I ask Senator Stuhr some questions?

SENATOR CUDABACK: Senator Stuhr, would you respond to a question from Senator Louden?

SENATOR STUHR: Yes.

SENATOR LOUDEN: Senator Stuhr, some...was it you, or maybe Senator Raikes, mentioned that this distance learning is also used for adult education. And now is some of this being used for college education, college credits? Or is it all for K-12 use? And how is this system going to be utilized?

SENATOR STUHR: Yes, Senator Louden, if I may respond, there is a certain...the types of classes that are offered, there are some general studies classes, there are dual-credit, which means that they receive credit in high school and also college credit, there's college-only, and then there's some skills certification opportunities for students. So, yes, it does vary.

SENATOR LOUDEN: Then if that's the case then, some of this is college...should be college funded, or funded toward the cost of higher education, not necessarily on our K-12 system. This should be something that could be considered for out of the university?

SENATOR STUHR: Well, we would not be using any of these funds, I don't believe, in connecting. What we're talking about now

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are that 180 schools that their contracts will be running out beginning in August of 2006, and trying to update those. And on your yellow sheet, you will see that there will be 60 schools. And that's why we're not able to do them all at once. But in '06 and '07, we're looking at 60 schools; '07-'08, 77; '08 and '09, 45; which then brings all of that 180 schools into compliance, with some new contracts and new equipment and new service.

SENATOR LOUDEN: Now, where are these schools located? Like, the 60 schools now you're talking about, is that eastern Nebraska? Some out west? Some in...is there some in Chadron or Alliance, or where are these at?

SENATOR STUHR: I would expect so, Senator Louden. I do not have a list of those three...you know, those 180. We could get that information for you, because I'm sure at some point someone has that information.

SENATOR LOUDEN: What my concern is, is if we're going to, you know, put out 8 or 10 million bucks, if...how many schools are benefiting from it. If this is...you know, when you talk about 60 schools and, what, down at the bottom there, over 5 million bucks, that's rather high price per school. I'm wondering if there's other ways that this can be done, or if there should be more studying, so that we know whether or not we have a complete set. How much does it cost...

SENATOR STUHR: Yes.

SENATOR LOUDEN: ...to operate the system that you have in place now? Do you know?

SENATOR STUHR: I think that the figures that we have, and I believe that it is also on your...

SENATOR CUDABACK: One minute.

SENATOR STUHR: ...yellow sheet, it's something like \$1,500 per month, if I'm not...if I'm...and that certainly may vary from school district to...or from school to school, depending on the

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location, which I would assume probably in western Nebraska it would be the highest amount.

SENATOR LOUDEN:     In other words, you're telling me that the schools that want to participate are paying \$1,500 a month for the service?

SENATOR STUHR:     Well, I...that is all of the information that I have, Senator Louden,...

SENATOR LOUDEN:     Okay.

SENATOR STUHR:     ...if you'll look on that yellow sheet, where it talks about local site contribution in regards to the networking costs.

SENATOR LOUDEN:     Okay.

SENATOR STUHR:     But we can certainly find out.     I would assume that they would be working on those 60, that they would not be in one location, but would possibly be throughout the state. But you know, we can certainly find that information out.

SENATOR LOUDEN:     Okay.     Thank you, Senator Stuhr.     I myself would like more information on how it's costing per unit,...

SENATOR CUDABACK:   Time, Senator Louden.

SENATOR LOUDEN:     ...and where it is, before I support it.     Thank you.

SENATOR CUDABACK:   Thank you, Senator Louden.     Further discussion.     Senator Aguilar, followed by Senator Chambers.

SENATOR AGUILAR:     Thank you, Mr. President and members.     If I could, I'd like to follow up on some part of the conversation Senator Chambers had.     He was discussing with Senator Stuhr how Spanish may be one of the languages taught in this educational process.     And I'd like to ask Senator Chambers questions about that, if I could.

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SENATOR CUDABACK: Senator Chambers, would you yield?

SENATOR CHAMBERS: Yes, I will.

SENATOR AGUILAR: Senator Chambers, in light of that conversation, who, in your mind, your learned mind, I might add, would be the best candidate and the best type of person to teach the Spanish language in Nebraska?

SENATOR CHAMBERS: When a language is to be taught, the one most suitable, in my opinion, would be one, first of all, who speaks the language, who understands the culture which produced the language, one who respects the culture and the people whose language it is.

SENATOR AGUILAR: Thank you, Senator Chambers. Senator Chambers always has a great ability to answer a question quite correctly. What I want to discuss a little bit about is an opportunity that we have to produce more people just like that to educate children in the Spanish language, and to do a myriad of other things and contribute to society in Nebraska. We have a bill in the Education Committee right now that would allow children of immigrants who are educated in high school here in Nebraska, who reside here in Nebraska, who contribute on all the athletic fields and the speech and the drama departments in all of our high schools, and academically qualify in every manner, an opportunity for them to go to the universities of Nebraska at the same cost that all the young people here in front of us go to, a resident tuition. Right now, they have to pay three times as much tuition as other children. That's unfair. That does not allow them to contribute in a meaningful way as adults back to society, an educated society. I would implore the Education Committee to reconsider bringing that bill to the floor of the Legislature, so we can have debate. Something that I feel very strongly about and very passionately about, and I'd like more of an opportunity to talk about this. The way we can do that is bring it to the floor. I ask the Education Committee to do that. Thank you, Mr. President. If I have any time remaining, I'd like to yield it to Senator Chambers.

SENATOR CUDABACK: Senator Chambers, about 2, 44.



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SENATOR CHAMBERS: Thank you, Mr. President. Thank you, Senator Aguilar. The point that was just made indicates why there needs to be another point of view present and expressed. If white people never have exposure to any other point of view, they can readily think that whatever they believe is right, whatever way they envision the world is the way the world actually is. So to keep white children from having the opportunity to hear another point of view, to interact with other children of their own age, will cause them to grow up and be as intolerant and backward an adult society as the one that I and Senator Aguilar must deal with. During the worst days of segregation, I was emphasizing that I want white children to get the best of educations so that my children, when they grow up, will have more intelligent white people to deal with than the ones I'm dealing with. And white people don't want to hear that. These white children grow up in a state like Nebraska, and they go someplace else, and they're like lost balls in high weeds. They stick out like an extra thumb. They're being cheated. And how do they know they're cheated? They don't have a standard by which to judge anything. They hear racial slurs. They see other cultures ridiculed and put down. Then they might read in the paper, when we're talking about the kind of issues Senator Aguilar raised, where the children of immigrants in this state, who have lived here, cannot go to the university...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...paying the same tuition as other in-state students. Why? Because some silly jackass will say, well, if students...American students in Iowa want to come over here, they can't pay the same amount. Well, they have a white university in Iowa where they can attend and pay in-state tuition. These children cannot do that. They don't have those alternatives. And you all are not going to say anything about it. The few who will are slapped in the face. And the issue will not even be brought on this floor to discuss. These children and their parents are all right to be out there in the fields, picking cotton, toting that barge, lifting that bale for white people, but they don't have a place in the classroom. And you wonder why those of us such as myself feel the way we do.

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SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: And you don't have enough of those of my complexion willing to speak like I am. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. (Visitors introduced.) On with discussion of the motion to bracket until 4-8-05, Senator Chambers.

SENATOR CHAMBERS: Mr. President, friends all, the university is not innocent, even when it comes to dealing with their own white women. The University of Nebraska at Lincoln, and probably throughout its system, when it comes to gender equity, treating white women fairly, are at the bottom. They might be next to last. To me, that's at the bottom. How long would the people in this state tolerate a football program where in the Big 12 Nebraska would rank 11th? There would be an outcry, a demand that somebody's head roll. But when it comes to discrimination against women in the university system, not a ripple. And if I don't mention it on the floor, is it going to be mentioned here? Those are the realities. It's easy for you all to stand up here and talk about hardware. But you don't look at the real problems that exist in this society right now. If you don't educate the children to be any more perceptive than you all are, what is the purpose of all this stuff we're talking about on this bill? They're not going to learn anything. They can be ignorant and intolerant without us trying to spend millions of dollars. That comes almost naturally. When we talk about bilingual people, I feel at a disadvantage. I took every Spanish class at Creighton University, and I got all A's. In fact, Spanish was my unrelated minor. But they didn't have a single class where we had the opportunity to speak it. It's one thing to recognize words on paper. I could read Spanish very well. I could write it well. One of my teachers was from Puerto Rico, and she wanted me to do some of the translating she did for the government. I was that proficient. But if your ear does not hear the language, you don't make that connection between what you can read and write and what people are speaking. Language is spoken differently from the way it's

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written. Writing, as Bacon said, makes an exact person. But it doesn't equip one to speak fluently, or to understand what is being spoken. In the courts of this state, they have translators. They have people who write out the advisories, known as the Miranda warnings, or Miranda rights. And when it came to the provision that talked about the right of a person to have legal counsel, the white people, in their brilliance, used a form of the word that meant it was discretionary, that somebody had the final say-so as to whether they would grant you an attorney, rather than to use the form of the word that would mean it is mandatory. But do white people care? Not at all. Because when their rights are read, they're told, and they can recite it. You have the right to an attorney, and if you cannot afford one, one will be provided for you by the state. But when it comes to other people who don't speak English, you may have an attorney. These are important issues to some of us, but not to you all. And that's why I'm going to derail your trains when you want to discuss these bills and not talk about other things. I'm going to put my motions up there and I'm going to make you listen. I cannot make you talk, but I can make you listen, whether you like it or not. And I can take this time and give it to those issues that ought to be discussed on this floor but which are not. Senator Schimek was absolutely correct when she mentioned that everybody in the state ought to be concerned about the diminishing number of females who are legislators. There are issues...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...that women will deal with and have concern about, subjects about which they know more than men, which are not going to be addressed. And I don't think the women are as aggressive in this body as they need to be. This Legislature reflects Nebraska--backwardness, fear, trying to please people who don't even like you. And they're not going to be pleased anyway, so you don't do what you were sent here to do. But I'm going to do what I was sent here to do, brothers and sisters. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. That was your third time, Senator. Senator Mines, on the motion to bracket,

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followed by Senator Aguilar.

SENATOR MINES: Thank you, Mr. President. Colleagues, yesterday I tried to explain quite poorly my concern for the underlying bill, LB 689, and I was concerned about a rush to judgment to spend \$24 million or \$30 million, whatever it might be, to replace a technology and, through no fault of anyone else in the Chamber, the technology itself is difficult to understand. So I took some time and I spoke to some industry-type folks to better understand what's going on, and in a very simplistic manner, I can just explain that Senator Raikes was talking about a JPEG technology, which is communicating between schools, and that, as you've heard, is obsolete. Although we have a wonderful network and it works reasonably well, the JPEG technology is something that was discontinued years ago, three or four or five years ago, three or four years ago, and what's going on now is called MPEG. Doesn't mean anything to me; probably doesn't mean much to you either. What did mean something to me was from a technical perspective. Those providers that are maintaining this network and being paid by the state of Nebraska can no longer get parts to maintain this JPEG technology. It is obsolete. I was told that the vendors are going on-line on eBay to buy these parts from all over the country, and even many of those parts that they get don't work. So, from a practical standpoint, I think that this body needs to authorize Senator Raikes' proposal and Senator Stuhr's bill to evaluate what we need to do next, and if that's going to cost us \$10,000, well, that's fine. I don't think at this time...and I agree with Senator Beutler and Chambers that we really shouldn't authorize a spending amount now for...to pay for that technology. Let's do that once...we can issue the request for proposal once we understand what we need. Then we can make those assumptions next year, even though Senator Pederson has indicated we don't have any money any way you look at this issue. I also tried, not very well, to explain how I don't understand distance learning and how it works. I understand that the rural communities in Nebraska utilize distance learning. My district certainly has it, but I don't understand how we use it. I don't know that we use it very much. And I appreciate the discussion and I'm learning quite a bit from the interaction and the discussion on, are we delivering excellence in education via

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distance learning? I still don't know and I think it's a discussion that has to take place. And with that, I just want the body to know that I do believe we need to begin the process of replacing hardware and software. On the other hand, whether we're delivering a product that we can all be proud of to the school children of Nebraska, I don't know. So I would...I don't support the bracket. I do support the amendment and the underlying bill. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. Further discussion. Senator Aguilar.

SENATOR AGUILAR: Thank you, Mr. President and members. I wondered how many of the members read the paper this morning and seen the article about the University of Nebraska having a \$6 million shortfall. You know what the reason for that shortfall was, folks? Enrollment was down. If the Education Committee is listening, I'm giving them a solution on how to help with that problem. Vote that bill out of committee. Get it on the floor and give us a chance to debate it. I'm going to use this opportunity to talk about an experience I had just before session started. I was at my Rotary meeting and there were three students in front of us speaking. They were very academically high-achieving students, and one of them was the daughter of immigrants. She was one of the leading students in Grand Island Senior High School. A very proud moment for me to see her up there and speaking as eloquently as she was, so I had a conversation with her afterwards, congratulating her and asked her what her goals was. She said, Senator, I want to be a doctor; that is my goal and I will be a doctor. We have an opportunity for her to be a doctor in the state of Nebraska. She shouldn't have to go to another state, like Utah or Texas, that allows young students to have that education at in-state tuition cost. Again, I ask the Education Committee, get that bill on the floor. Thank you. Senator Chambers, my time, please.

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: Thank you, Senator Aguilar. Members of the Legislature, the problem...one of the problems with the way we

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operate is that we take too narrow a view. Now, when the budget comes up and we're told that now is the time to discuss the university's budget, it will be like Pavlov and the bell he rang with his dogs. The salivating will occur because now is the time to consider the university's budget. Is the university facing a shortfall and, if so, why? We will then have it explained to us learnedly and well that the university is facing a shortfall because attendance is going down. And somebody will say, seems like I heard that someplace else, maybe it was in a dream. We should have the ability and the capacity to keep all of these issues in our mind and see how they interface with each other, and it will better inform us when we make decisions. This bill is talking about one specific thing, and the reason Senator Stuhr is so interested is because it deals with her constituency--the rural areas. And now everybody is supposed to be concerned about those people. Well, let me tell you all something that you probably don't know. I found out that Senator Fischer, one of the better informed people in here, did not even know it. Senator Foley was talking about some money that comes from a charge on every one of your phone bills to make it possible for the rural people to be subsidized in their telephones. Do you all know who looked out for the rural people and offered the amendment, fought for it, and obtained it so that their telephone bills would be less than what they would ordinarily? Do you know who broke a longstanding principle that he has and caused others to subsidize others? Moi. It was my amendment. I did that for the "ruralies," and you all don't even know it, do you? And those out there voting so quickly to get me out of office don't realize what I've done to help them. That's why, when some of them come on this floor and the only time they can get involved in a discussion is when it involves them and theirs, then it creates a problem. As good as my friend Senator Mike Flood is, he has disappointed...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...me on an issue that I've discussed with him, and it's sexual orientation, where people are discriminated against in employment. Senator Foley is a lost cause. I don't even talk to him about it, but he ought to consider the fact that the Catholic Conference has stopped sending people to

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oppose that bill, and they ought to look at the ones they're in league with--those who talk about people whose sexual orientation is different, as though they're going to go out here and have sex with animals, and as though they're one step above being animals, and in some cases less than animals. Those are the kind of attitudes that are ruling the Judiciary Committee. My friend Senator Combs also, she wants everybody to carry a gun, but she doesn't want everybody to be able to get a job without being discriminated against. Am I upset? Moderately. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Chambers, there are no further lights on, so I will...the Chair will recognize you to close on your bracket motion.

SENATOR CHAMBERS: Once again, I'm the last one standing, the last one to blink, but that's the way things go on the floor. And I'm not going to take this motion to a vote, but there are things that I think need to be said. And since the Judiciary Committee is so narrow-minded, intolerant and discriminatory, I'm going to offer my amendment on various people's bills to prohibit discrimination against people in employment based on sexual orientation. So if you have a bill that relates to anything where there is, by a stretch of the imagination, employment involved or people doing it, you're going to see the Chambers amendment. The way we should do it is to bring that bill out here and discuss it, but my colleagues, whom I have helped, cannot see fit to help other people who cannot help themselves. The one good thing that comes out of Senator Thompson's premature leaving, and I will never forgive her for that, the person who's coming down here is named Gay. It will be the only time in my time that we will have an openly admitted gay person in the Legislature. But see how we have to go about getting it? Our female colleague has to leave and the Governor has to appoint somebody. That's the only way we get it. We won't even discuss the issue. And Senator Stuhr wants me to be teary-eyed and concerned about rural people. Why? They don't care about others discriminated against and kept from even having a job. And she wants me to vote to spend millions for her people, some of whom, by the way, may be gay? But if they could weed them out, by God, they would not get benefits of any

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of the legislation that this Legislature enacts. But I'm going to keep that issue before you all, and you all are going to be happy that term limits is getting me out of here, because there will be some of you left if I cannot get a theory together to overturn it through the courts, because you won't have to listen anymore. And you can pretend that since nobody talks about gay people discriminate...being discriminated against, not only are they not being discriminated against; they don't exist. That's the way you all like to deal with problems. You know what you'd tell a microbiologist? Stop talking about germs and germs will go away; why do you talk about germs and see them everywhere? And the microbiologist would say, because they are everywhere, fool; germs are everywhere; refusing to talk about them will not make them go away; and there are germs which are pathogenic and if we don't recognize the differences then we're going to have problems. If we as a society...now, I usually don't put myself in with the rest of you all by saying we; I say you all. This is the royal we. If we as a society fail to recognize every person as a human being with dignity, how can you come in here and talk about fetuses? Why, Senator Foley wants us to pass some kind of bill to talk about assaulting a fetus, and to him, when you have something smaller than a dot at the end of a sentence, that's a human being, and if you assault that you can go to prison. But if you discriminate against the parents of that dot, they have no comeback. Oh, are some of you surprised that gay and lesbian people are parents? That surprises you all? Oh, you didn't know that? But you know about protecting something smaller than a dot, giving it all the rights of a person, but you'll vote...and the Judiciary Committee voted to send that bill out here and I'm sure Senator Flood, I'm sure Senator Combs, I know Senator Foley and whoever else is on...I'm sure Senator Mike Friend. I don't want to leave him out. I push his button and make him take the bait. He'll be popping up and talking back to me before it's over. They'll vote to run those kind of bills out here. Why?

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: Religious dogma. Did you say time, Mr. President?



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SENATOR CUDABACK: I said one minute, Senator Chambers.

SENATOR CHAMBERS: Oh, thank you. Well, the constitution doesn't talk about dots, but it talks about people, talks about persons. And they want to say a dot is a person, but a gay person is not a person, is a nonperson, worst than a person; a lesbian woman is not a person. They're people to me. And you know what makes my job so much easier than you "Chrishians'" job is? All I have to be convinced of is that I'm talking about a human being and that resolves every difficulty for me. Every human being is entitled to every right and privilege and protection that the constitution and laws of this country provide. I'm not even going into religion. I'm going to keep it on the human level where we have flawed human beings passing these laws, and they want their religion protected. Senator Friend wants his religion protected and that is voluntary conduct.

SENATOR CUDABACK: Time, Senator.

SENATOR CHAMBERS: Time? It's 10:45, Mr. President. Oh, you mean my time is up?

SENATOR CUDABACK: Thank you. Your time is up.

SENATOR CHAMBERS: Withdraw that motion.

SENATOR CUDABACK: That motion, bracket motion, is withdrawn for AM1025. (Visitors introduced.) On with discussion of the Stuhr amendment, AM1025, to LB 689A. Senator Combs, followed by Senator Friend.

SENATOR COMBS: Thank you, Mr. President, friends all. I didn't have my light on. I wasn't going to speak on this bill, but I do feel compelled to reply to my colleague, Senator Chambers, relative to the reason that I voted the way that I did in Judiciary Committee. As I explained when I was on the Business and Labor Committee and voted against this bill, I do not believe that gay people are losing employment in Nebraska because of their sexual orientation. I still am challenged to see how many people have been refused a job strictly because

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they are gay, and I do use the example of equally qualified people sitting in these chairs, like right here, waiting to be told who gets a job. This gal, she weighs 350 pounds; this gal is Donna Colley from Omaha, the extremely beautiful erudite gay attorney who has come and testified before on this bill--equally qualified. Who needs protection under the law for discrimination in employment? It is not Donna. It's the 350-pound girl sitting next to her who has equal qualifications and is not getting employment because of her size. So excuse me for my passion, but I've been forced to defend myself once again. I'm sorry, I don't operate on religious dogma. I operate on personal experience and what my belief is, as far as the majority of people in Nebraska. We craft laws for the majority of people, hopefully, or a majority of people, so I just don't believe that this is a problem in employment. Doesn't mean that I don't believe that there's some discrimination with gay people. Bring me something else, another situation where I've got some compelling evidence, but for this I cannot. You ask me to craft legislation to protect someone who is discriminated against in employment. I'm going to have the morbidly obese at the head of that line because I've been there and I've sat in that chair and I've been passed over for a job. That's enough said. I know we're talking about the education bill. I do apologize, for the President, for not addressing the amendment, but I did believe that I needed to address that. And if you want to put that amendment on all of my bills and any one that comes to the floor, well, we'll live through it, like we always do. We'll survive. But at least you'll know where I stand on this issue. Thank you.

SENATOR CUDABACK:        Thank you, Senator Combs.    On with discussion.    Senator Friend, followed by Senator Chambers.

SENATOR FRIEND:    Thank you, Mr. President.    Members of the Legislature, I, too, am taking the bait.    Senator Chambers, I didn't get all of what you said.    Could you repeat it, please?    Thank you.    (Laughter)

SENATOR CUDABACK:        Senator Chambers.    Are you giving Senator Chambers your time, Senator Friend?

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SENATOR FRIEND: No. No, I'm not. (Laughter)

SENATOR CUDABACK: Okay. Sorry about that. Senator Chambers, it's your time now.

SENATOR CHAMBERS: Mr. President, friends all, Senator Friend would not have understood it anyway, so it doesn't make any difference. Some of his friends will break it down for him, his friends on the floor and those who watch our debates but are not on the floor. He and I go through these things all the time. I told you I'd make him take the bait and he's pop up. Didn't I tell you that? You all don't pay attention to me. I'm Stradivari. What do they call his violin? A Stradivarius. Play that violin. Can draw the string (makes grating noise), or bring forth those angelic, delicate notes which will cause people to say music is a concord of sweet sounds and they're coming from that violin being played by Senator Chambers, and the violin is his colleagues. But, members of the Legislature, when Senator...she's busy, but I'll say her name anyway. When Senator Combs said she crafts legislation for the majority, she goes contrary to what the constitution and the courts have said. Protective legislation and the constitution are to protect the minority against the majority, and if she'd look at the statistics she'd see that a majority of Nebraskans are in favor of legislation to protect the rights of gay and lesbian people. If she means what she says when she gets the statistics she'll support that bill, but she doesn't mean what she says. She's seen those statistics before, I'm sure, but maybe she didn't. I'm going to see that they get into her hands. And she's going to talk about people who are not discriminated against? That's like white people telling me, Ernie, black people don't have a hard time. I say, why not? Well, I don't have a hard time. I say, well, look, if I hit you on the head with a hammer, you're going to say ouch and not me because my head is not being hit with a hammer. Why does she think people who are gay will not come here and tell the Legislature that they're gay? They know what will happen to them. Everybody on this floor knows there's discrimination against gay people. I thought that attitude went out with the 1860s. And here Senator Combs is standing on the floor saying, I don't believe there's discrimination against gay people and that's not a problem and the Legislature should not

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confront it and I'm here to craft legislation for the majority group. Who are the majority group? White males. White females, actually, because numerically they make up a majority. But there are lesbians who are white, but I'm glad that it's coming out. That's why that bill needs to be out here so the public can see what I have to contend with down here, the backward, negative, intolerant attitudes. The only place where Senator Friend was smart this time is he didn't really engage in the discussion. He just took a shot and then bravely ran away. (Laughter) But you all would be surprised at how much regard I have for Senator Friend underneath it all. Senator Friend does struggle with issues and I'm going to work with him. But there are other people who are more out there, as though they understand these things. I want my good friend Senator Flood to listen to those with whom he is in league. They say a father is known by his son, a mother is known by his daughter, and all persons are known by the company they keep. You all see the company you're keeping? If you walk with those who are lame, you yourself will learn to limp. You get the idea? You can't separate yourself from them, and they're more honest than you all are. They'll talk about the disregard and disrespect they have for gay and lesbian people, how they're unfit and unworthy, cursed by God. And there's old King David, the one they admire and honor because he wrote the Psalms, but the word that talks about the love between him and Jonathan is the love that designates romantic love.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And there's a dispute in Israel right now because there are rabbis who say David and Jonathan engaged in homosexual activity. And shouldn't the Jews know more about their Jewish king than you all? But you want to make it political. There are homosexual people throughout the Bible and throughout history. Lord Byron, George Gordon, Lord Byron, and those others who went to Eaton regularly engaged in homosexual activity. It was expected among them at these all-boy schools in England, and he also had a sexual relationship with his half-blood sister, but you all don't know that. So when you teach literature, you going to teach that about Lord Byron? I'm really interested in the things that are coming forth. Is that

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my third time to speak on this, Mr. President?

SENATOR CUDABACK: It is, Senator.

SENATOR CHAMBERS: Thank you. I might have to make another motion then.

SENATOR CUDABACK: Further discussion? There are no lights on. Senator...there are. Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President. I yield my time to Senator Chambers.

SENATOR CUDABACK: Senator Chambers.

SENATOR CHAMBERS: Thank you, Senator Connealy. You might get me off of it on this bill, but from now on check your bills because I will be heard and I will speak. And I'm glad that people watch our proceedings, and let them start writing in and telling you all how terrible and cursed by God I am because I'm speaking in behalf of the rights of these sin-cursed people, unfit to walk the face of the earth. Who created them? Is there a homosexual God that created our brothers and sisters and cousins and mothers and fathers and uncles and aunts and friends and associates and fellow workers and senators? Is there a homosexual God who created them, or is there one God who is the father of all? Is the "Bibble" telling the truth when it says of one blood made he all nations of mankind? Well, if womankind was not in there, what does mankind doing with other mankind? But we know that in the "Bibble" the masculine is to include the feminine. So if all people belong to one family because there is one God who is the father of all...and you all believe this stuff. I'm not the one who preaches it. You all bring a preacher up here every morning, not me. What your preachers preach justify what I'm talking about. It doesn't justify what you all do. You deny the humanity of your brothers and your sisters, while having somebody hypocritically up there repeating the same thing every morning. Oh, I listen to your prayers on my television set, and you know what? I hear the same things being repeated day after day, after day. If you got this God, why do you have to keep saying the same thing to him over and

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over? It means that what you're asking is not being granted, or something. Is he deaf? Is he mentally challenged he does not understand what you're asking? Has he gone on vacation? Or does he think you're unworthy to be listened to? I'm going to lay it on you, brothers and sisters. Stop bringing the preachers in here and maybe I'll back off a little bit, until we come to these moral issues. Now, if it was possible to determine that a fetus is homosexual, we wouldn't have these bills by Senator Foley, because he wouldn't want to protect a homosexual fetus. But if his dogmatic views are as strong as they seem to be, he would then support my bill, at least while the fetus is in the womb. But when it comes into the world as a full-fledged human being, he'd say now you can discriminate. How can they be so holy and self-righteous and be in favor of discrimination? There's my good friend Senator Combs, concerned about the morbidly obese, then bringing a bill out here that is designed to show that people who sell these foods are not responsible in any way for the harm they cause to people in a society where we know that advertisements lure people into doing things. On the one hand, they say, well, people are responsible for their own self and advertisements don't mean anything. Then, in another breath, they might say we got to get some of this junk off television because of the impact it has on young people and older people, too; it vulgarizes the society. Well, wait a minute. If advertisements don't do anything, put everything on television. Put explicit sex on television.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: It doesn't have any impact.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: There is so much that is contrary, contradictory and inconsistent in this society that somebody needs to call attention to. We need a Jonathan Swift. As racist as he was, H.L. Mencken is needed. You all probably have never heard of him, and I'm not swearing. That's a man. His last name was Mencken. His two initials were H.L. Thank you, Mr. President.

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SENATOR CUDABACK:    Thank you, Senator Chambers.    No further lights.    Senator Stuhr, I recognize you to close on AM1025.

SENATOR STUHR:        Thank you, Mr. President and members of the body. I believe that we should go ahead and take a vote on this amendment, and we know that there is another amendment following.        And what this amendment does is strike the \$10 million to \$8 million. It does allow for the \$10,000 for the task force to do their work, and I just want it pointed out...to point out that the staff of the designated state agencies will be helping with the task force, and there is an appropriation of \$10,000 to assist to reimburse the actual expenses of the task force members. With that, I appreciate the discussion that we have had, realizing that we do need to set aside some money and I think that we have realized that through the discussion.        But, as you all know, there will be another amendment following. Thank you.

SENATOR CUDABACK:    Thank you, Senator Stuhr.    You've heard the closing on AM1025. The question before the body is, shall that amendment be adopted? All in favor vote aye; those opposed, nay.    The question before the body is adoption of the Stuhr amendment, AM1025. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK:        28 ayes, 0 nays, Mr. President, on the adoption of Senator Stuhr's amendment.

SENATOR CUDABACK:    The amendment has been adopted.        Mr. Clerk, next motion.

CLERK:        Senator Beutler would move to amend with FA146. (Legislative Journal page 1118.)

SENATOR CUDABACK:    Senator Beutler, to open on your amendment, FA146, to LB 689A.

SENATOR BEUTLER:     Senator Cudaback, members of the Legislature, I think after all the discussion that we've had everybody is aware of the amendments that have been filed. This amendment, just to remind you, leaves in the bill, leaves in the bill the

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\$10,000 that will be required to do the study in accordance with the estimates made by the sponsors of the bill. It takes out of the bill the now \$8 million that is in the bill that would be used to carry out the provisions of the study. I think that anyone who has been listening to the debate so far would in no way interpret this amendment as a negative comment on the bill, either by myself or by anybody who voted for this amendment, because the discussion has generally been broadly favorable to the idea of improving the technology for distance learning. We have different cautionary notes that have been signaled to us by the Chair of the Appropriations Committee, some good comments made by Senator Brown with respect to questions that we should ask, as well as Senator Redfield. I think we all understand that we probably want to move in this direction. I think there is a fairly broad consensus also though that we want these people to show us what exactly they're going to be doing or be able to define for us in a much more precise manner both what they intend to do and their rationale and need for each and every aspect of the system that they will be advocating. And if we take the money out now, we also understand that next session we will be considering this item again in terms of restoring this amount of money or some similar amount of money to begin the process should the plan that's presented to us early next year deserve the support that we think now it probably will deserve. But as a matter of caution, I'm suggesting to you that we await the event and reserve our judgment, as we normally, prudently do, until such time as we have before us the matter upon which the money will be spent. Thank you.

SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the opening on FA146. Open for discussion. Senator Raikes, followed by Senator Chambers. Senator Raikes.

SENATOR RAIKES: Thank you, Mr. President and members. I'm going to oppose the Beutler amendment, but I do appreciate his bringing the issue and the comments he made, particularly about the worthiness of the task force effort. The reason I oppose this measure is that the bill, as it is now, as amended, would reserve \$8 million in the budget for this purpose. It wouldn't...it would not be spent without further action by the Legislature next session. All we're doing is coming up with a



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plan. The money would not be spent. But, to me, it is prudent to reserve the money, the likely amount needed once a plan is put in place. This amendment, if adopted, says we're going to spend the \$8 million for something else. We have other needs and so we're going to go ahead and spend the money and if, in fact, once we complete the work of the task force, we find that we need this amount of money or some other, we'll go hunting. Because the \$8 million will not have been reserved in the budget, it will have been spent for something else. So my preference is to simply say it's prudent to recognize it likely will cost this amount of money. Let's reserve this amount of money in the budget. So, for that reason, I'll oppose Senator Beutler's amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Further discussion? Senator Chambers, followed by Senator Stuhr and others.

SENATOR CHAMBERS: Mr. President, when I was a youngster a long time ago, there was a song on the radio which probably most people on this floor wouldn't be aware of, but it was called "Topsy," and it was the one who played the drums was known as Cozy Cole. On the flip side it was called "Topsy Part II." Well, this is LB 689A part two. I discussed with Senator Stuhr some of the issues that I had in mind, and now I'm going to deal with her understudy, her costar or her supporting actor, which would be Senator Raikes. I have a question or two I'd like to put to Senator Raikes.

SENATOR CUDABACK: Senator Raikes, would you respond to a question from Senator Chambers?

SENATOR RAIKES: Yes.

SENATOR CHAMBERS: Senator Raikes, in your view, who ultimately is to benefit from this bill, if it should be enacted, and the work of this task force, if the goal that you have in mind is achieved? Who would be the ultimate beneficiary?

SENATOR RAIKES: The ultimate beneficiary, Senator, would be the young people we educate in the K-12 schools of the state.

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SENATOR CHAMBERS: Senator, have we discussed to any degree what is going to be delivered as far as curriculum by means of this new, highly technical system that is being considered by this bill?

SENATOR RAIKES: Not in any detail, Senator.

SENATOR CHAMBERS: Senator Raikes, if we were teaching medicine and we taught people what a scalpel is and all these other devices that are used by surgeons, do you think we would have any concern about how those implements are going to be used?

SENATOR RAIKES: Yes, I do.

SENATOR CHAMBERS: And do you think we should be concerned about what the people who are going to use those implements would understand their ultimate goal is in using those implements on patients?

SENATOR RAIKES: Right, I do.

SENATOR CHAMBERS: In a sense, we're talking about the scalpels and the artificial life-support systems, but we're not really talking about the patients who are to be the ultimate beneficiaries of our ministrations through this bill, are we?

SENATOR RAIKES: That's a good point. I think that is true.

SENATOR CHAMBERS: Well, Senator Raikes, how can we be asked to spend all of this money which might, indeed, put a whale of a whiz-bang system on-line, but we have no idea of what is going to be transmitted through that system to the ultimate beneficiaries, who are the young people in school?

SENATOR RAIKES: Senator, and the way the bill is, you would...you are not being asked to spend the money. You are being asked to reserve an amount which you don't spend for something else, so that...so that the money would be available only if the Legislature next session approves a plan arrived at via the task force effort.

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SENATOR CHAMBERS: I didn't ask my question precisely enough. If at some point money is to be appropriated to implement this system to put it on-line, why should we feel persuaded to do that if we haven't been persuaded that it's going to be truly beneficial to those who are going to be the ultimate recipients of the education that is delivered thereby?

SENATOR RAIKES: I think that the answer would be you would need to be persuaded of that...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...before you would move ahead.

SENATOR CHAMBERS: Senator Raikes, is it possible to build a complete system of delivering water, which nevertheless would have water flowing through it which is contaminated and unfit to drink? Is that possible?

SENATOR RAIKES: You're talking about...

SENATOR CHAMBERS: Water. Drinking water.

SENATOR RAIKES: Okay.

SENATOR CHAMBERS: Could you have a system...

SENATOR RAIKES: I'm along with you. Yes.

SENATOR CHAMBERS: And it's possible, despite how perfect the system itself is, the hardware of it, to send water through it which would be toxic.

SENATOR RAIKES: Right.

SENATOR CHAMBERS: So we could have this system in place and it still not result in an improvement in the education of the children. Is that true?

SENATOR RAIKES: That's true. That's one of the challenges, for

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sure.

SENATOR CHAMBERS:     And my time is up, but thank you, Senator Raikes. I'll continue before we're through.

SENATOR CUDABACK:     Thank you, Senator Chambers. Further discussion? Senator Stuhr, followed by Senator Kruse and others.

SENATOR STUHR:     Thank you, Mr. President and members of the body. I did speak with Senator Beutler and I said that I would be opposing this amendment for the same reasons that Senator Raikes has just said, that we are just asking for this money to be set aside. Whether this is the correct amount we don't know at this time because we will be waiting for the results of the task force. And so we will be coming back in 2006 with the results of the task force. They will have a better idea at that time. As we have spoken earlier, these were the estimates of the experts, so to speak, in the field that this could possibly...this would be, since we have reduced it even from the \$10 million to the \$8 million, the costs, beginning costs over a three-year period. With that, I return the rest of my time back to the Chair. Thank you.

SENATOR CUDABACK:     Thank you, Senator Stuhr. Senator Kruse.

SENATOR KRUSE:     Thank you, Mr. President and members. I stand to support the Beutler amendment to remove this \$8 million from our budget. There...Senator Pederson made it very clear and simple yesterday, we do not have \$8 million. It's just as simple as that. In order to change the budget, which we are currently working on in Appropriations to do something like this, we would have to go back to items that could be amended, that have that flexibility, and which could take this kind of an item. There are only two on there that I see and in each case the money would come...would be shifted to property tax. Whether the \$8 million is reserved or spent makes no difference in the budgeting process. It has to be put up there if that is the desire of this body, but where is it going to come from? It can come from TEEOSA by taking an amendment to change the TEEOSA formula. If we do that, the money that we're holding back from

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local school systems will go on to the property tax. The other place is special ed. The Governor did not include special ed. We have included it. We could back up on that. But be very clear about what we're doing. If we do that, it will increase TEEOSA. Two years down the road it will come back to bite us. But the greater problem is that the local school districts are required by federal law to pay that special ed bill, and we in the Legislature have said they can go over the levy cap in order to pay for special ed. It is a very simple, direct picture. If we take it...if we do not do special ed for any reason, it will be a bill shifted over to property tax. I feel strongly that's the wrong thing to do in our state situation and I know others join me within it. But be very clear about that. We do not have \$8 million. We struggle over \$100,000 in the budget. What would we do? We would have to shift it in some way because it has to be in the budget in order to be reserved or whatever term you want to put to it, and in effect we have spent it, even though we can come back to it. I, with others, strongly support distance learning, but this is...the bill in its present way is not the way to go at it. I support the amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Kruse. Further discussion? Senator Mines, followed by Senator Chambers.

SENATOR MINES: Thank you, Mr. President, colleagues. I, too, support the amendment and I support distance learning and I support the rural environment that uses this heavily, and I think we as a state ought to engage and provide all that we can, both fiscally and administratively. I don't believe that it's prudent that we include, whether you call it allocate, appropriate, or earmark, \$8 million for a project that we don't know what...how much it's going to cost. Senator Stuhr said maybe...said \$8 million may or may not be the right amount. Well, let's make it \$100 million. We don't have the money. And Senator Kruse obviously said exactly what's going to happen. We're going to shift the burden of paying for this system down the road to property tax, and I'm not in favor of that either. The reason that we study issues, the reason that this group would be formed to study and evaluate what hardware and software, and hopefully curriculum would be included, is to determine how much that's going to cost. And I think putting

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money in our budget or allocating or earmarking money prior to understanding how much it's going to cost is not prudent, is not the way that I run my business or I run my household. So I would simply say support the amendment and then I will support LB 689. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Mines. Senator Chambers, followed by Senator Redfield.

SENATOR CHAMBERS: Mr. President and members of the Legislature, friends all, I'd like to ask Senator Raikes a question or two, because he is part two of this process that I'm going to engage in. Senator Raikes, are you willing to answer a question or two if the Chair allows us to engage in this conversation?

SENATOR RAIKES: Yes, Senator.

SENATOR CUDABACK: Senator Raikes.

SENATOR RAIKES: Go ahead.

SENATOR CHAMBERS: Senator Raikes, have you ever watched Elmer Fudd on television?

SENATOR RAIKES: Not...I didn't catch the episodes yesterday, but at some...

SENATOR CHAMBERS: Well, at any time?

SENATOR RAIKES: ...at some point, yes, I have.

SENATOR CHAMBERS: Are you familiar with Elmer Fudd?

SENATOR RAIKES: Yes. Yes.

SENATOR CHAMBERS: So, with Elmer Fudd in mind, if I said I think this amend...this proposal to set this money aside is "cwazy," would you understand what I was saying if I were Elmer Fudd?

SENATOR RAIKES: Yeah, I think so. Yes.

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SENATOR CHAMBERS: Okay. Senator, you are an economist. Aren't you?

SENATOR RAIKES: It's a long distant past failing.

SENATOR CHAMBERS: And that's meant by me to be pejorative,...

SENATOR RAIKES: Okay.

SENATOR CHAMBERS: ...just for purposes of identification.

SENATOR RAIKES: I've had some training and little success in that area, yes.

SENATOR CHAMBERS: Well, no economist has success unless...well, I'll leave that alone. Senator Raikes, have you ever seen any proposition of the kind you're asking us to swallow today where we just set aside \$10 million, \$8 million, whatever it happens to be, so it will just be there at some future time for future use in connection with a specified program?

SENATOR RAIKES: You, Senator, you might...you might have me with a specified program, but, for example, in the budgeting process I...

SENATOR CHAMBERS: No, I would like you to answer the question the way I ask it, if you don't mind, on my time, with reference to a specified program.

SENATOR RAIKES: Would TEEOSA qualify as a specified program?

SENATOR CHAMBERS: You're giving...you're giving words that are not really words. What is TEEOSA?

SENATOR RAIKES: That's the state aid to schools funding.

SENATOR CHAMBERS: But state aid to school funding, if you're going to take the first letter of each one of those words, it wouldn't spell out TEEOSA. So what is TEEOSA? What is T-E-E-O-S-A? What is that?

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SENATOR RAIKES: I'll have to...I'll have to look that up for you, Senator.

SENATOR CHAMBERS: Oh, so you're not sure what TEEOSA is. You're not...

SENATOR RAIKES: I can't give you the...

SENATOR CHAMBERS: So, in other words, you're not sure what TEEOSA is.

SENATOR RAIKES: I know what it is, yes. I will...I will...

SENATOR CHAMBERS: Then tell me what does...what is TEEOSA.

SENATOR RAIKES: You've got to have the acronym spelled out?

SENATOR CHAMBERS: Yes.

SENATOR RAIKES: I'll have to work on that for you, I'm sorry.

SENATOR CHAMBERS: So then you don't really know...

SENATOR RAIKES: But I will do that. I will do that.

SENATOR CHAMBERS: Okay, you don't know what it is, but you know it's...it relates to state aid.

SENATOR RAIKES: State aid to schools, and it's an amount that is budgeted for both years of the biennium, even though the second year is presumptive. We assume that's what it's going to cost, so we put that amount in the budget so that we don't spend it for something else.

SENATOR CHAMBERS: Is state aid something that's going to be here as long as there is a state probably?

SENATOR RAIKES: Probably.

SENATOR CHAMBERS: Is this program you're talking about



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something that has been ongoing and is going to be ongoing just like state aid?

SENATOR RAIKES: Right, state aid or the Tax Equity and Educational Opportunities Support Act.

SENATOR CHAMBERS: So then this is going...so, in response to my question, this is going to go on as long as state aid to schools is going on. Tell me what you gave as an answer to that again.

SENATOR RAIKES: Tax Equity and Educational Opportunities Support Act.

SENATOR CHAMBERS: And that answers my question? Did you get my question? (Laugh)

SENATOR RAIKES: No, but I gave you an answer. (Laugh)

SENATOR CHAMBERS: Yes. Yes, you did give me an answer to my question, but the answer does not connect. That's all I'll ask you right now, Senator Raikes. Do you see why these...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...I don't mean it pejoratively, why economists come in for so much in the way of jesting? People say, and I agree, if you laid them end to end so that they stretched around the world, they couldn't reach a conclusion. And I add to that, as I did to George Bernard Shaw's, but if they reached a conclusion, it would be wrong. This that we're being asked to swallow has not been done in connection with a program such as this. I'm going to support Senator Beutler's amendment. Without having talked to him, I had offered an amendment to do the same thing, which shows that good minds travel along similar paths even when they don't directly communicate with each other. And I guess the same thing can be said about the opposite side, because Senator Raikes and Senator Stuhr put themselves in yoke, and they're not unequally yoked because they're seeing this thing the same way.

SENATOR CUDABACK: Time, Senator.

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SENATOR CHAMBERS: Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Redfield.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. I, too, am going to support the Beutler amendment. I believe Senator Brown is correct when she says that the A bill would automatically create \$8 million as the low bid, and I don't think we want to do this. We certainly have a number of other needs for the dollars in our budget and I don't believe we want to establish right now, not knowing what it is going to be or what it's going to cost, as a priority. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Chambers, and this will be your third time.

SENATOR CHAMBERS: Thank you, Mr. President. This bill is more fun for me than I thought it would be. It has given me more opportunities to express opinions than any other bill has given me, opinions of a kind which do bear directly on what this bill is talking about, although when it was offered I'm sure the ones who supported it had no idea it would implicate the kind of things that I'm talking about. When you discuss education, you're opening the field to everything about which human beings can know, speculate about, or even be in error about. You're talking about the human mind. You're talking about shaping it. You're talking about putting information into it and you need to talk about who is going to put that information in, the competency of that person, and even to some extent of what the information consists. I am not one of those who feel that the schools have to teach subjects that accord with my particular view of a subject, but I don't believe the classroom ought to be teaching that somebody up in the air created everything that we see just the way it is. I don't believe that ought to be taught in the classroom. Teach that in churches. Teach that in insane asylums, but don't put it in the classroom. That's not what the classroom is for. Do I think evolution occurred? It makes a lot of sense to me and there is evidence of evolution even occurring right now. But it does not occur in the following

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manner: You take a mouse and you cut its tail off. Then the children of that mouse, you cut their tail off. Then you do that for a thousand generations. Then you come to the conclusion that an accident which removes an animal's tail is not going to have genetic impact; therefore, the descendents will come out with a shorter tail. That's not the way evolution works. It's a process that helps creatures survive in an environment which may become hostile, and that is going on all around us. Senator Loudon was even able to get me to work to produce an amendment to a bill to kill pigs which, in a sense, engaged in quasi-evolutionary development. Pigs, which started out domesticated, after a relatively short period of time became feral, or wild. They took on a different appearance. They grew a different kind of hair, their hooves were different, and they passed this on to their little piglets. And unlike the lucky pigs in Senator Loudon's way of looking at things, this little piggy doesn't go to market. This little piggy doesn't stay home. In fact, this little piggy is blasted into eternity. So we have to modify some of these little nursery rhymes even. I said that to say this. The proposal that Senator Beutler's amendment will do away with is one in the realm of nursery rhymes. I can understand how those who want this program would want to get the rest of us to be so bedazzled or so bewildered or bewitched that we would lay aside this money and consider that it is not the same as having been spent. It's money taken off the table. It's money not available for things that need to be dealt with right now. And it's money for a program which is not prepared to spend the money.

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: And those who are supporting the program don't even know how much it's going to cost. They don't even know whether next year the equipment they're talking about now will be considered the top of the line equipment. They don't know any of that. But we're supposed to take a discrete amount of money, in the millions, and lay it aside in a drawer. I say no way. I support Senator Beutler's amendment. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. There are no

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further    lights    on.            Senator    Beutler,    is    Senator  
Beutler...Senator    Beutler,    the Chair recognize you to close on  
FA146.

SENATOR BEUTLER:    Senator Cudaback, members of the Legislature, I'm sure for all of us we would like to set money aside that we know will absolutely be there for the required purpose in the future, but it's certainly not our common practice to do that, especially with such a large amount of money. The fact of the matter is that the money is not legally protected. That is, although the likelihood of this happening is not high, if we gave the money to the Department of Education, if they came back in the plan and we didn't like the plan, they could spend the money anyway on the plan. And so why would we want to trust an agency more than we trust ourselves? I mean, we have all stood up and we've all talked about distance education and we've all expressed support for it. If the money is there next year, and the odds are that it will be, the revenue continues to come in above predictions, then the money will be there to be spent. If, on the other hand, we should be surprised and the money should and the revenue should deteriorate, well, then I think we're in a better position to reassess where we are, both with regard to this item and with regard to many other things that will be before us in the future, and to compare them to one another in a fiscally tight situation. Hopefully, that will not be the situation, but it's prudent for us, I think, to anticipate all possibilities. I would note for you that one thing you have not heard today is the argument that all of these contracts are coming up for letting and, therefore, we need to expedite this whole business because of these contracts that are coming...that are being terminated or coming to the end of their term. And I take it, from the absence of that argument today, that we've...I think we pretty much understand that that's not an impediment to holding the money and waiting to see how the plan evolves. So let's not trap ourselves. Let's act in the most fiscally prudent way because we have the opportunity to wait and to delay and to act at the appropriate time on this. So again, I would recommend to you that we drop out of this bill the \$8 million that is currently there in aid of carrying out its provisions. Thank you.

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SENATOR CUDABACK: Thank you, Senator Beutler. You've heard the closing on FA146, offered by Senator Beutler to LB 689A. The question before the body is, shall the amendment be adopted? All in favor vote aye; those opposed, nay. Question before the body is adoption of the Beutler amendment, FA146. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 28 ayes, 7 nays, Mr. President, on the adoption of Senator Beutler's amendment.

SENATOR CUDABACK: The Beutler amendment has been adopted. Mr. Clerk, next amendment.

CLERK: Mr. President, Senator Chambers, FA148.

SENATOR CUDABACK: Senator Chambers, you're recognized to open on your amendment, FA148.

SENATOR CHAMBERS: Mr. President, the "King Cobra" wastes no venom on dead or fleeing things. This amendment deals with that which has now been rendered dead, so I withdraw my pending amendment. Thank you.

SENATOR CUDABACK: It is withdrawn.

CLERK: I have nothing further on the bill, Mr. President.

SENATOR CUDABACK: Back to discussion of advancement of LB 689A to E & R Initial. Senator Chambers.

SENATOR CHAMBERS: Mr. President, members of the Legislature, I'm going to support the movement of the A bill. The underlying bill has moved and I did not oppose its being moved yesterday. In fact, I voted for it. But because it is moving forward does not mean that all of my concerns have been addressed or that I'm not going to continue with the same type of discussion on Select File that I gave on General File. Such being the case, when this bill comes up again for discussion on Select File, those of you all who like to run out of here like a covey of flushed whatever birds fly whenever their shadow comes, you can just excuse yourself from the Chamber and go do whatever you do

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because I'm going to talk some more about the kind of issues I discussed today. To make sure that the bill does not inadvertently, due to my inattention, move across on a voice vote, I'm going to put an amendment or two or a motion or two which will force acknowledgement of the fact that there's to be additional debate on the underlying bill and on the A bill. I hope that those who support this bill next time will do some research and be able to answer questions about the type of education that the children are to be given as a result of this plan, this program, this system. If it's not going to improve education, I don't want it and I will not support it. If it's going to improve education, there should be a wealth of documentation to establish it. We can be shown what the circumstances were of the students prior to the existing system being put in place and what their circumstances are now. How can we determine that? How do they want to determine everything in the education realm? Let's look at some test scores and let's see how much the test scores have risen in those areas served by this system over what they had been before such a system was put in place. I must ask Senator Stuhr a question at this point.

SENATOR CUDABACK: Senator Stuhr, would you respond to a question from Senator Chambers?

SENATOR STUHR: Yes.

SENATOR CHAMBERS: Senator Stuhr, is it possible to establish, not on the spot right here, geographical boundaries in the state where this program has been operational?

SENATOR STUHR: Yes, Senator Chambers. In fact, I have a handout that I could share with you right now.

SENATOR CHAMBERS: And it would be possible to identify the schools served in those areas and we could get test scores for those schools prior to the implementation of this program and what the most recent ones are since the program has been in effect. Is that possible?

SENATOR STUHR: I don't know if that's possible, Senator

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Chambers. I can't tell you exactly how long distance education...we've even had those opportunities, and they do vary. I know we're talking about 300 schools at this time.

SENATOR CHAMBERS: But they do give tests in all these schools. Do they?

SENATOR STUHR: Yes, but most of these classes there haven't been opportunities for students to have these classes in many of these areas, so we wouldn't have a base...

SENATOR CHAMBERS: Could we find the schools where the program has been made available to the students? Or there's no way to know which schools have taken advantage of this system?

SENATOR STUHR: Oh, yes. Yes.

SENATOR CHAMBERS: We do know?

SENATOR STUHR: Yes, I...

SENATOR CHAMBERS: And we can determine whether...are all the public schools required to have some kind of testing of the students?

SENATOR STUHR: Well, individually, yes. Our system differs than what the requirement is on the federal level. But...

SENATOR CHAMBERS: Well, we...okay.

SENATOR STUHR: ...we're talking primarily about...

SENATOR CUDABACK: One minute.

SENATOR STUHR: I mean, we are talking about K through 12, some of the opportunities for sharing of information and doing class research and things, but we are talking probably more the junior high and high school level courses, well, probably mostly actually high school, that is taking the most advantage of the distant education at this time.

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SENATOR CHAMBERS: I'll resume this if I'm recognized again...

SENATOR STUHR: Okay.

SENATOR CHAMBERS: ...before we adjourn. Thank you.

SENATOR CUDABACK: You are recognized now, Senator Chambers.

SENATOR CHAMBERS: Thank you, Mr. President and friends all. And, Senator Stuhr, among whom I number my friend, would you like to continue, if you will?

SENATOR STUHR: Yes.

SENATOR CUDABACK: Senator Stuhr.

SENATOR CHAMBERS: Senator Stuhr,...

SENATOR STUHR: Yes.

SENATOR CHAMBERS: ...this is not meant to be a trick question or put-down question. Am I to understand, from what you're telling me, that there really is no practical way to evaluate the impact of this program and the system to determine what differences have occurred as a result of it being in place?

SENATOR STUHR: Oh, no, I'm sure that we can. It depends on what criteria we set and, you know, I'd certainly want to visit with you. But, yes, I'm sure that there is some criteria to be able to evaluate those results.

SENATOR CHAMBERS: Thank you. And between now and Select, and if Senator Raikes, who is Chair of the Education Committee and may have resources that would help us, I would appreciate that kind of information if it can be developed by the time the bill comes up again. I don't want to just put something in place and say that it's going to be of value. In the community I live in, sometimes they will refurbish a building and put teachers with the least qualification. They don't have adequate textbooks. The teachers who are there have to go into their pockets and beg money to buy ordinary, routine school supplies, classroom



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supplies, and other problems that ought not to exist in a public school setting. So they can have the nicest appearing buildings, but that does not ensure that education is going on inside that building. The way architects design structures now, you could put two buildings side by side and you wouldn't be able to tell just from looking at them whether one is a hospital and the other is a slaughterhouse, and I know similar things may take place in both of them, but the purpose of the hospital is not to be a slaughterhouse. So we have to sometimes go beneath the surface and look inside to see what is actually going on. If this program cannot be shown to have improved education, I'm not going to support the program or spending money. The task force, as one of its duties, should be expected to bring back to the Legislature, or to whomever they report, information of the kind that I'm seeking preliminarily for Select File. I'd like to ask Senator Raikes a question or two.

SENATOR CUDABACK:     Senator Raikes, would you respond to a question?

SENATOR RAIKES:     Yes.

SENATOR CHAMBERS:     Senator Raikes, is the task force to present...first of all, are they to develop a report on their work?

SENATOR RAIKES:     Yes, Senator. I think that the deadline for that report is, with the amendments, is December 1 of this year.

SENATOR CHAMBERS:     And to whom will they present that report?

SENATOR RAIKES:     It's to the Legislature, I think.

SENATOR CHAMBERS:     Okay.

SENATOR RAIKES:     I'll have to look to be more specific.

SENATOR CHAMBERS:     That's good enough. It will be available to any of us who have the interest in seeing what's in it.

SENATOR RAIKES:     Yes.

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SENATOR CHAMBERS: Did we put any guidelines in that bill creating the task force relative to the kind of things that the task force will look at?

SENATOR RAIKES: Yes, there are. There's both a list of participants and also a list of issues to address.

SENATOR CHAMBERS: Would, among those issues that are to be addressed, be found information...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...of the kind that I'm seeking here that would tell us what has been accomplished by the program as it exists now and what is envisioned to be accomplished if we continue it?

SENATOR RAIKES: I don't know that it specifically requests that, but it seems like a reasonable thing to put in a report and I would...I would be in favor of doing so.

SENATOR CHAMBERS: Thank you. And, Mr. President, that's all that I will have to say.

SENATOR CUDABACK: Thank you, Senator Chambers. Further discussion on advancement of LB 689A? Seeing nobody wishing to speak to the advancement, Senator Stuhr, you're recognized to close.

SENATOR STUHR: Thank you, Mr. President and members of the body. I appreciate the discussion that we have had on this issue and I think it will be foremost in our minds when this report is brought back to the entire Legislature next session, and what we are striving for and the committee or the task force will continually look at ways of updating and expanding our technology to provide better distant education opportunities for all of our students across the state. And that includes not only the smaller, middle-sized schools, but also the urban schools. So this is one issue that...and I thank you that hopefully this A bill then will provide for the funding for that

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task force and I ask for your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Stuhr. You've heard the closing on advancement of LB 689A. The question before the body is, shall LB 689A advance to E & R Initial? All in favor vote aye; opposed, nay. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 42 ayes, 0 nays, Mr. President, on the advancement of LB 689A.

SENATOR CUDABACK: LB 689A advances. (Visitors introduced.) Mr. Clerk, next motion.

CLERK: Mr. President, LB 38, introduced by Senator Raikes. (Read title.) The bill was introduced on January 6, referred to the Education Committee for public hearing...excuse me, the Revenue Committee for public hearing. Bill was advanced to General File. I do have committee amendments, Mr. President. (AM0567, Legislative Journal page 612.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Raikes, to open on LB 38.

SENATOR RAIKES: Thank you, Mr. President, members of the Legislature. LB 38 deals with community colleges, and the way it is now constructed with committee amendment, and you'll hear about that shortly, it deals with two specific things. Number one is authorization for limited discretionary levy authority, and number two is authorization for a move toward funding parity for the Northeast Community College Area. Try to go into some detail. Before I do that, I want to mention that this is...the bill, as it's constructed, has involved a fair amount of negotiation and work together, and I should recognize Senators Engel, Cunningham, Flood, and Connealy for their efforts, which have been very important, and I'm not sure that we have everything worked out, but we're a lot closer than what we were at one point. Let me talk first about the part of the bill, the original LB 38 green copy, which deals for authorization limited discretionary levy authority. I'll background it this way. You can draw a comparison between the state's role in funding K-12

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schools and its role in funding community colleges. In both cases there's an aid formula. The formulas are quite a lot different, but they are formulas in the sense that they account for a total obligation on the part of the state and a distribution of that funding to the, in the K-12 instance, individual K-12 systems; in the community college areas, the six community college areas. You will recall that in the recent 2003 time frame when we were facing serious budget difficulties in terms of the state funding for K-12, that we made what we called a temporary aid adjustment. Roughly, the way that works is as follows. We...again, I...you may have heard this before, needs minus resources equals aid. What we did is we reduced needs arbitrarily by a certain amount of money, and that translates to a reduction in state aid and a reduction, of course, then in the obligation of the state to support K-12 schools. What we did in association with that is provided local K-12 school boards the opportunity to levy enough money to recover that reduction that we made at the state level. It was, in effect, a transfer of the obligation at the state level to an obligation at the local level, and particularly with property taxes. We did require a three-quarter majority vote of the local governing board, in the case of K-12 schools, a school board, in order that that would happen. This, in fact, is...was in place, I think, I may be wrong, but I think beginning in 2003; is currently in place. It will be part of the...the fact that there is a temporary aid adjustment will reduce the obligation for TEEOSA funding in the current budget and, in fact, this continues through, I believe, the 2007-2008 fiscal year. We did a similar thing for community colleges. That is to the...again, the formula is somewhat different, but there is state funding involved in community colleges and we have in place now a provision which will expire at the end, I believe, of this current biennium, which LB 38 proposes to extend, the green copy did, and that is that, to the extent the state underfunds its obligation to community colleges, the community college board, with a three-quarter majority vote, could go to property taxpayers and levy the additional amount needed to make up the shortfall in state funding. The essence of LB 38 is to extend that provision to 2007-2008 so that it is comparable with what we now have in place for K-12 schools. So that is the first major part of this proposal and I think I'll stop there,

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allow the...Senator Landis to talk about the committee amendment, and then we'll come back. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the opening on LB 38. As stated by the Clerk, there are committee amendments by the Revenue Committee. Senator Landis, as Chairman, you're recognized to open.

SENATOR LANDIS: Thank you, Senator Cudaback. Members of the Legislature, this is the committee amendment and there will be a following after the committee amendment to make a slight adjustment in it, but it carries out the goal of what the committee was trying to do. Two different ideas came to the committee. One was to do for community colleges what we had done for city...or, I'm sorry, for schools, and that was, to the extent that there had been cuts in the aid that we normally gave them, we allowed them to go to their property taxpayers and ask if they would make up the difference. So we're doing that in the base bill, which is LB 38. Now, there was a second bill. Senator Cunningham had a...certainly a role in that one, but many of the northeast senators had a role in that bill, and it had to do with recognizing the unique circumstances of the Northeast Community College. Originally, they wanted to give some authority to that college and the committee looked at the original bill and was reluctant to do what was requested of us. What we did, however, ultimately report out was this: to amend Section 77-3442 to allow a one-half cent greater levy authority for any community college area whose valuation per aid equivalent student is less than 82 percent of the average for all community college areas. Well, what is that? That's the Northeast Community College area. That's the only person who meets that triggering device. This restriction means that the increased levy would be available only in the northeast area. It would be for a half cent greater levy authority, in other words, the local property tax, and it would exist for, as the committee amendments say, I believe, four years, but in fact we'll have an amendment here to do this for two years. The additional levy authority could only be exercised after a three-fourths vote of the governing board and a hearing. The additional amount levied each year would be added to the base of the following year for funding purposes to calculate the needs

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of the community college area. This is critical, because it means that it builds itself into the funding formula. I'll explain that in a moment. Section 1 of the amendment allows for an increase in the budget of restricted funds equal to the amount collected from this increased levy, so that your levy authority and your revenue budget lids are coterminous and, therefore, there is no problem by getting an increased levy and the increased ability to spend the money that you raise. Section 4 would amend the section to extend the levy exception allowed for the community colleges to make up for any failure to appropriate the required amount of state aid for community colleges. The current law, the authority for this additional levy expires after fiscal year 2004-2005; this would keep that authority in place through 2007-2008. The amendment includes the emergency clause. Let me explain, at least slightly, what this is about. About ten years ago, I'm not exactly sure, the community colleges were reorganized and we created a system of state assistance for state...for community colleges, even though they continued to have property tax support as well. We also created our tax lid system, and we took existing budgets and we allowed for growth. In the case of community colleges, that's a 2.5 percent growth per year. With a supermajority, you can add another percent, and if there's student growth, you get the student growth. So those are the three ways in which a community college local budget can expand. The community colleges up to that point had relatively similar practices and behaviors with respect to spending for students with the exception of the Northeast Community College area. Their spending was lower than the other areas, a self-determined choice, but when the lid was applied it was then applied against relatively tight spending per student. The other community colleges were spending more per students, and when their budgets grew by the 2.5 percent, plus the 1 percent, plus student growth, they didn't have as much problems as Northeast did, because Northeast had an original budget that was tight. They'd spent down their reserves and their spending per student was low, which meant that when their desire to expand, when their rationale and their behaviors, their management practices, made them want to spend more money per students, they didn't have the resources for doing so and the lid kept them from doing that. Now this problem was self-inflicted. However, we've got about

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eight, nine years here in which you've got two different things going on--all other community colleges, and the Northeast Community College--with respect to their budget growth. This is a way to go back and allow Northeast Community College to do something about its base, because this two-year window will go into the base and that will expand its base. It will call upon local property...local property taxpayers in the Northeast area to foot the bill, but it won't put that into an entire statewide obligation, and it allows them to achieve a kind of parity that they haven't had for eight or nine years now. This was the committee's best work that we could do that would meet our interests of meeting the needs, which were demonstrable in the case of Northeast, and yet not making the rest of the state pay for the Northeast Community College's self-inflicted choice about nine or ten years ago that they've wanted to change ever since. There is this situation. It says that if you put this into the base it does go against the state formula, but all of the community colleges can live with and accept the impact of putting these two years back into the base and what that does for state funding. State funding doesn't go up. Sales and income tax dollars don't have to be increased. There will be some redistribution between community colleges, but that is an acceptable redistribution among the community colleges. They support this idea. They support this amendment. They support the amendment that follows this, as a matter of fact. I would ask the adoption of the Revenue Committee's amendment, AM0567. Thank you.

SENATOR CUDABACK: Thank you, Senator Landis. Mr. Clerk, items for the record?

CLERK: Mr. President, I have one. Senator Preister would like to print an amendment to LB 351. (Legislative Journal page 1120.)

And I do have a priority motion, Mr. President. Senator Aguilar would move to recess until 1:30 p.m.

SENATOR CUDABACK: You've heard the motion to recess till 1:30. All in favor say aye. Opposed, nay. We are recessed. (Gavel)

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RECESS

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: (Recorder malfunction)...Legislative Chamber. Senators, our afternoon session is about ready to reconvene. Please check in. Please record, Mr. Clerk.

CLERK: I have a quorum present, Mr. President.

SENATOR CUDABACK: Mr. Clerk, do you have any announcements or reports?

CLERK: Mr. President, your Committee on Enrollment and Review reports LB 588, LB 664, and LB 664A as correctly engrossed. That's all that I have, Mr. President. (Legislative Journal page 1121.)

SENATOR CUDABACK: Thank you, Mr. Clerk. We will now resume General File, 2005 senator priority bills. Mr. Clerk, inform the body what stage of debate we were in when we recessed.

CLERK: Mr. President, the Legislature was discussing LB 38, offered by Senator Raikes. Senator Raikes opened on his bill. Senator Landis, as Chair of the Revenue Committee, offered the committee amendments. I now have pending, Mr. President, amendments to the committee amendments. Senator Raikes, AM0945. But I have a note you want to withdraw AM0945, Senator.

SENATOR RAIKES: Yes, please.

SENATOR CUDABACK: It is withdrawn.

CLERK: Mr. President, Senator Raikes would move to amend the committee amendments with AM1060. (Legislative Journal page 1100.)



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SENATOR CUDABACK: Senator Raikes, you're recognized to open on AM1060. Thank you, Mr. Clerk.

SENATOR RAIKES: Thank you, Mr. President and members. AM1060 is a modification that would reduce the provision for four years of an additional half cent of levy authority for the Northeast Community College area to two years. So it's a...it's the same mechanism, only it reduces the time and place for two years...or, to two years. Let me take a moment to comment that I thought Senator Landis explained very well what the issue is here. And you'll recall, back before lunch, we talked about the fact that this bill deals entirely with community colleges and their finance, but goes kind of to two different areas. One of them is the additional levy authority provided to make up for reductions in state aid, or less than full funding for state aid. The other one is dealing specifically with the financial issues of Northeast Community College area. And that's what we're on now. This involves some negotiation. And I think Senator Landis touched on that very well. The address of the fiscal situation faced by Northeast Community College area...and this has been a chronic situation. It's been brought up over and over again for a number of years, in fact, dates back '97-98, when the formula that we currently have really was put in place, and stems from the fact that the revenue base for Northeast Community College area was lower at that time than for the other community college areas. The way the formula works, the revenue base is extremely important. The basic structure of the formula is that 40 percent of the funding is through state aid, 40 percent through property taxes, and 20 percent through tuition. That's all applied to the revenue base. So the bigger your revenue base, the bigger your 40 percent of the revenue base is, and so on. The controversy came that when the bill was introduced, LB 113 was introduced to the committee by Senator Cunningham, the approach suggested was simply to allow Northeast to levy additional property tax to provide them more revenue base, but not to allow that additional money they raised to be counted in the base that's used to divide up the state aid. The committee's reaction to that was, no, we won't do it that way, that if this is a community college problem, financial issue, then all the community college areas need to participate in its

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solution. And that's what we now have. The...this amendment, or, with this amendment, Northeast area would be allowed by a supermajority board vote to levy an additional half cent. That additional half cent certainly would be collected from the property taxpayers of Northeast Community College. But it would also...the money collected would go to Northeast's base in the formula. And therefore, the other community college areas would participate in the financial upbringing, if you will, of Northeast area. Now, there is a handout coming around--I'm not sure if it's to you yet--which depicts, I hope, in a way that you can understand, the impact of this provision, not only on Northeast, but on the other community college areas. Basically, what happens is that Northeast would gain in terms of the financial base, and the other community college areas would lose some, compared to what they would otherwise receive. I think it's important to point that out, because at first, it may surprise you, the other community college areas were not willing to do that. But with some negotiation, we did come to an agreement. This is the agreement. And I hope there...this is something that you find you can support as well. So, be happy to address questions if you have them. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the opening on AM1060, which is an amendment to the Revenue Committee amendments. Open for discussion. There were several lights on, so if you don't wish to address this amendment, why, just say so, and we'll keep your light on. Senator Cunningham.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. I'd like to thank Senator Raikes for his work on this bill. As he told you, one of my bills, LB 113, is now part of LB 38. I'd like to thank Senator Landis and the committee for all of the work they've put into this. And they've done a good job of describing it. But I'll just go into a little more detail. As amended, this would allow the Northeast Community College board of governors to temporarily raise local property taxes upon a three-fourths majority of the board. This is necessary, because when the funding formula was revised in 1997, Northeast Community College had experienced a substantial increase in enrollment the previous year, but they had not yet adjusted the property taxes to compensate, thereby resulting in an

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artificially low base rate. Northeast Community College currently receives one of the lowest amounts of state aid per student, has the highest tuition and mandatory fee rates, and has one of the lowest salaries and staffing levels among the other community colleges. As amended, this would only affect the local property taxes of the 20-county service area of Northeast Community Colleges, or College. Senator Connealy, Engel, Flood, and myself, who represent a majority of this region, have all signed on as cosponsors of this portion of the bill, and also of LB 38 in whole. The effect of the extra levy on a \$100,000 house in the Northeast Community College area would be an additional \$10 a year for the two-year period...or, pardon me, \$10 total, \$5 a year for the two-year period. We've been working with Northeast Community College for several years now, trying to resolve this difficulty. I introduced LB 1156 last year. Senator Tyson introduced LB 601 the year before. Normally, I'm very much opposed to any increase in taxes. However, I didn't see any other way to assist Northeast Community College to get through this situation. I believe the community colleges perform a very important part of revitalization of our rural economies. Northeast plays a significant role in rural development in northeast Nebraska. Dr. Bill Path, the president of Northeast, is implementing an innovative plan, in cooperation with Wayne State College, to expand Northeast Community College in South Sioux City. The expansion of Northeast into the South Sioux City area, it's an area of high-growth potential. It will not only benefit the students, but also the business and industry, promoting regional economic growth and development. And I know that the other senators that are a part of this have more to say. So with that, I will return my time.

SENATOR CUDABACK: Thank you, Senator Cunningham. Senator Engel.

SENATOR ENGEL: Mr. President, members of the body, I rise to support LB 38 as my priority legislation for this session. As you've heard from Senator Raikes, Senator Landis, and Senator Cunningham, and you'll be hearing from others, this bill incorporates LB 113, which I testified in favor of when the bill was heard by the Revenue Committee. I prioritized this bill

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because the importance that community college play in economic development and education of our citizens, especially in our rural areas. I have always espoused that education is a great equalizer. No matter what your social, ethnic, or economic background is, if you get a good education, whether it's in the trades or through colleges, with effort on your part, you can do anything anyone else can do. In South Sioux City, we have a large minority population. In fact, 52 percent of the children in our school district is of...are of Hispanic origin. Many of them are first generation. And those people are up there to support the...they work very hard at these packing houses to support their families. But they also value the...realize the value of an education. By having a community college, in cooperation with Wayne State College, in our community, it's going to afford them an opportunity to get this education, because it's close to home, and it's affordable. If it's too far away from home and more expensive, most of them will never get to further their education. So I think it's very, very important that this bill goes through, that this campus can be completed. And northeast Nebraska, again, is not in competition with any other of the community colleges. I think they're all in favor of this bill. That was all taken care of prior to today. And in our area, in South Sioux City and northeast Nebraska, that's where the population growth is. In a lot of the smaller communities to the west there's declining population. So they'll be able to serve more of the population. And also, we have people right across the river in Iowa who will be coming over to Nebraska to get their education. As...they did some research here a few years ago, and this one researcher said, the study indicated that every \$1 of state or local tax dollars invested in Nebraska's community colleges will return \$17.73 in increased earnings and social savings over the next 35 years. And more than 90 percent of community college graduates stay in Nebraska, an extraordinary finding. In fact, it's unmatched by any other higher education institution. The...last year, we tried to bring a very viable company into our area, northeast Nebraska. And having Northeast Nebraska College campus near the facility was a great plus in this package to attract them. In fact, the state of Iowa had to go into a special session and enhance their incentive plan to keep Blue Bunny in their state. We have indicated work ethics in

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Nebraska.     We have good work ethics. But we need trained work forces. And the way we're trying to overhaul our incentive plans in Nebraska, this is very, very important to have community college as part of it. Because if a company comes in and this is the type of training we need for our employees, community college can adapt almost immediately to that. They can come up with a curriculum to satisfy the needs of those employers. So that's another thing that's very, very important. And as you've heard the speaker before me, the levy would be increased for a half cent for the next two years, to help with our base. And that would amount to about \$5 on a \$100,000 home...\$50,000 home, rather; and...

SENATOR CUDABACK: One minute.

SENATOR ENGEL: ...about \$10 on \$100,000 home. So it's not a great expense. It's...20 counties have to...they represent 20 counties up there. The college represents 20 counties...20 different counties. And they'll have to sell this to the counties. But I think it's going to be an easy sale, because everybody up there realizes the importance of an education. With that, I would request that you advance LB 38 to next file. Thank you.

SENATOR CUDABACK: Thank you, Senator Engel. (Visitors introduced.) Senator Flood, followed by Senator Don Pederson and others.

SENATOR FLOOD: Thank you, Mr. President, members. If we take this entire situation we have today back to 1998, when LB 269 became law, Northeast Community College had prided itself on keeping property taxes very low. In fact, through the early part of the nineties, in the mid-nineties, we were very proud of that. And in 1997, as Northeast saw a 33 percent increase in students, the board of governors at Northeast Community College wanted to maintain a very low property tax reliance base. What's happened since then? Well, as LB 269 went into effect, that gave us an artificially low base. And we've been trying to play catch-up ever since. That's why we're here today. I admire the board of governors for trying to keep property taxes low. Unfortunately, the formula that we have doesn't

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necessarily reward that type of efficiency. In fact, in this case specifically, it was somewhat penalized. The other community colleges across the state recognize that Northeast is doing more with less every day. And you may say, well, it...they have to meet those needs of the students, but they can certainly cut in places. And cut they have. Northeast Community College, in the last few years, has cut athletic programs, staff reductions, has opted not to rehire for positions when somebody leaves due to retirement. They have restricted travel. They have done everything in their power to keep the money focused on the students and the educational opportunities. And the other day, when we had the FFA members in town, I had six young men, seniors at Newman Grove High School, that were sitting under the balcony, and I asked them, where are you guys going to go to school when you get done? Or what are you going to do when you graduate? Five of the six said, we're going to go to Northeast Community College. How often do you look at kids from a rural area that are going to go to a rural school with hopes of staying in Madison County? The sixth one that wasn't going to Northeast was going to University of Nebraska at Kearney. Two of the members in that group under the balcony wanted to work in agriculture and take over dad's farm. Northeast Community College has an ag program that is second to none. And we have to keep that going. And so I wanted to share that with you, because I think that shares the story of what Northeast Community College can do. There's no doubt that Northeast, through the years, has been focused in Norfolk. But recently, in the past 20 years, we've seen advances in O'Neill and West Point as they branch out. And today, as you hear, we're looking at a campus in South Sioux City, so that we don't have kids crossing the border into Iowa, to keep them here. In fact, we had been paying Western Iowa Tech to educate some of our kids on an in-state tuition basis. It makes sense to support the efforts in Dakota County. But what you've got in front of you is more or less a compromise. If you look at the studies that have been done on the funding formula, a half cent to the base doesn't take care of all Northeast's problems. But increased student enrollment does. And we'd be serving an area of the state that's growing, that's positive, that's welcoming these folks in. How would this money be used? You may wonder, what type of impact will

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this additional money have for Northeast Community College? Well, first and foremost, the first year, Northeast would see an additional \$500,000. And of course, the half cent would go to the base, so we'd see a continuing benefit. But this would help us get things on the ground in South Sioux City going, so we can provide the faculty and the teachers and the staff. This doesn't pay for bricks and mortar and fancy buildings and what you traditionally think of a college campus. This hires the people that teach the courses, people that may be taking a nursing course, or somebody that wants to get their two years done so they can advance to the University of Nebraska-Lincoln or...

SENATOR CUDABACK: One minute.

SENATOR FLOOD: ...Wayne State. In the coming years, this money will continue to pay for those staff and faculty development that they're doing in South Sioux City. But you're going to find out in the paper tomorrow, we've got a very exciting project that will hopefully be announced in the Norfolk area with the introduction of a number of new jobs that require skilled labor. This money will help take those people that are interested in those jobs, and train them in...with the skills they need to make things work and to make that employer, who, by the way, will provide a salary way above the average salary in the state of Nebraska, and good health insurance benefits, a real reality for people in northeast Nebraska. I believe in the community college because they're helping the people that maybe aren't ready for a four-year institution, and they're taking people who are first-generation college students and giving them the confidence in life to succeed, and the knowledge to succeed with. I return the balance of my time to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Flood. Those wishing to speak are Senators Don Pederson, Connealy, Bourne, Redfield, Stuthman, Raikes, Fischer, and Chambers. Senator Don Pederson.

SENATOR D. PEDERSON: Thank you, Mr. President, members of the Legislature. We've had a problem with community colleges for a number of years. And now it's becoming even greater, because the fastest growing segment of our public education in this



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state is the community colleges. And we have to address that issue. But aside from the fact that it's the fastest growing, we just haven't been able to maintain the state's portion of helping the community colleges. Currently, and tonight we're going to talk in the Appropriations Committee about the agency request of community colleges. And they would like us to make up the shortfall on the amount that they were eligible for, for state aid, of \$17-plus million for each of the next two years. We can't do that. But it's on the books. It shows where we are in connection with funding mechanisms. So it's been a difficult issue. And as long as I've been on the Appropriations Committee, I think we've had a problem with Norfolk, because it keeps expanding, and its ability to cope with the expansion has just not been there. So I think we have to address that particular issue. So I think the things that I'd like you to bear in mind with this is, for the bulk of the law, this is no different than extending what is currently there, that is, the levy authority. And I would tell you that the levy authority has not been abused in any fashion by the community colleges. They've maintained the integrity of the system. But it gives them the authority to expand. I think we have to address the issue that expansion is taking place, and we have to cope with it. We have to give them the tools with which to cope with it. I think it's been well addressed by the previous speakers. I won't go into the issues there. But I heartily endorse this program. And not only the base program of maintaining and extending the existing situation in regard to levy, but also the fact that if you have a problem area...and all of the community colleges have obviously joined in a recognition of the impact that this will have as far as Northeast is concerned, and they've said, this is what we have to do. And I think, as a Legislature, I think we have to address it and say, this is what we have to do. I would urge you to adopt the amendment and the underlying bill. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Further discussion. Senator Connealy, followed by Senator Bourne.

SENATOR CONNEALY: Thank you, Mr. President, members. I pretty well agree with everything that's been said. I think that this is the way we have to do it. I don't think this is the right



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way to do it. I think that we probably ought to fully fund the formula, and that we ought to do as we've done in the past with community colleges when they've been out of sync, like Western Community College. We added money to the formula to bring them up to parity. And that would be the best way to do it. That would not ask for more local support to do this. But under the budget that we're in now, as Senator Pederson has said, this is probably the best that we can negotiate, that the locals in northeast Nebraska would step up. If the board goes to the two-thirds majority and asks for this authority to go up above the lid, then they would allow to do that, to meet what really is a growing need in northeast Nebraska. And now, as we look at trying to turn that around in Dakota County, that has traditionally moved across to Western Iowa Tech in Iowa for their education at a much higher rate than it costs in Nebraska, to try to bring some of that back to Nebraska, and keep those people here in Nebraska, and educate everyone on a somewhat closer par that the other schools do, I believe that this is...even though it's not the best solution, that it is probably the only solution that we can provide to make that step toward some parity within the community college system in the state of Nebraska. And I want to thank everybody for this negotiated kind of settlement that we've come up with.

SENATOR CUDABACK: Thank you, Senator Connealy. Further discussion. Senator Bourne.

SENATOR BOURNE: Thank you, Mr. President, members. As is often the case when I listen to Senator Raikes, I get confused. And so I wonder if he would yield to a question or two, so that maybe I can sort this out in my mind.

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: I will.

SENATOR BOURNE: Thank you, Senator Raikes. And that wasn't a derogatory statement. It's just, you...you know, you exist at a different level than a former body man from Omaha. I just wanted you to know that.

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SENATOR RAIKES: (Laugh) You're living in a former body?  
(Laughter) Excuse me.

SENATOR BOURNE: Senator Raikes, I heard Senator Engel and I heard Senator...the "Cunning Ham," talk about how much money this meant on an actual house. And I heard \$5 on a \$50,000 house, and I heard \$10 on a \$100,000 house. And like we did a year or so ago when the body elected to increase the natural resources district levy, I tried to nail down what that really meant in dollars. And that was an \$11 million tax increase. And I'm trying to ascertain how much money this actually is. If the levy was raised, how much valuation are we talking about? What would the total dollars increase be in property tax?

SENATOR RAIKES: Senator, I'll give you the materials I have to address that. First, you've got a handout that in the upper left-hand corner says, calculated max and actual tax. If you look at the column headed by Northeast, there's a valuation number in there of, looks like \$10 billion. You would apply the half cent additional levy to that valuation base.

SENATOR BOURNE: So it's a half...

SENATOR RAIKES: I haven't done that.

SENATOR BOURNE: ...a half of a cent, times \$10,734,000?

SENATOR RAIKES: Right.

SENATOR BOURNE: Okay. I'll calculate that out. Now, Senator Raikes, is this going to build...I've heard both ways. I've heard that this is going to build a new campus for...or, a new building, or a new campus, for Northeast Community College, this additional levy. Is that an accurate statement?

SENATOR RAIKES: Let me answer that, but right before I do that, point out that I think the calculation has been made. If you look on the other handout you got, titled, Northeast Community College areas, there's a column labeled, 2007; and then over on the left, a row labeled, additional tax revenue. It shows \$546,673. I think that would be the additional tax revenue that

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could be raised by the half cent for the Northeast area.

SENATOR BOURNE: So the total amount that could be raised by this additional levy is only \$500,000?

SENATOR RAIKES: Five hundred and forty-six, almost forty-seven, thousand dollars.

SENATOR BOURNE: Okay.

SENATOR RAIKES: And to your other question, certainly one of the priorities, as I understand it, of Northeast Community College, is to develop an offering for potential...for students in the South Sioux City area. My understanding, really, actually, though, was that they were going to proceed with that whether this bill happened or not. Although I do believe that the case can be made that they are relatively underfunded compared to the other community college areas. And it's certainly given that potential for serving those additional students, it makes sense to allow them this levy authority.

SENATOR BOURNE: I'll agree, Senator Raikes, that they are underfunded as it relates to other community colleges. We heard that on the Revenue Committee. And at one time, we were going to explore how to resolve that. But I guess what I'm struggling with is, if this is going to a new campus, no matter how good an argument we can make that it's needed, I'm struggling with the fact that we can't afford...

SENATOR CUDABACK: One minute.

SENATOR BOURNE: ...what we have. And a point in fact, I guess, or an example of that is, earlier this year, I had an amendment that school districts are struggling to pay the shortfall in retirement. And you've been very helpful in working through that with me. But you know, when we have school districts that are clamoring to have a levy increase and a budget increase just so they can respond to an underfunding in their retirement plans--and we won't allow that to happen--and so then we're asked to raise the levy authority to build new campuses. And I'm struggling how...if we can't afford what we have, why should

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we add more to the infrastructure?

SENATOR RAIKES: Obviously, a good question, Senator. You've got to make choices as to where you think the needs are strongest. And certainly, you can weigh this in that context. I would tell you that in this particular case...and maybe it's not altogether different than the issue you're raising regarding the retirement.

SENATOR CUDABACK: Time.

SENATOR RAIKES: Sorry.

SENATOR CUDABACK: Thank you, Senator Bourne. Senator Redfield, followed by Senator Stuthman and others.

SENATOR REDFIELD: Thank you, Mr. President, members of the body. You will notice, if you look at the committee statement, that I was present but I did not vote on this bill. I do, however, support the committee amendment. This is an issue that I have voted to support before in Revenue Committee, and we have not gotten to the floor successfully with a bill before. I thought it was an unusual choice of terms, that Senator Landis in his opening used the word "self-inflicted wound." Because when a board is responsive to the taxpayer and they try to promote all the efficiency they can and keep property taxes down, they should not be accused of self-inflicting a wound. I think they were trying to be very responsible. But as in our school formula, we actually punish people by starting from a lower base. And that is why I have historically supported doing some kind of remedy for Northeast College. I have also, as Senator Bourne, in Revenue Committee sat through hearings and discussed this with personnel from the college. And they have talked about their enormous growth rate. And I will tell you that I was somewhat shocked at the handout that Senator Raikes gave us today. It starts...it's a two-page. It says, calculated max and actual tax, on the first page. But on the second page, if you look at Northeast College, you will see that the one-year change of enrollment, far from being explosive, is a 9 percent decrease. In fact, it's the only one of our community colleges that decreased. And the year before, the

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increase was only 1.1 percent. Now, there was substantial growth earlier. But it does not, in fact, compare to the growth, say, at Southeast, who increased by 774 students just this last year, whereas Northeast lost 296 students. So I'm looking at the overall piece here, and I'm finding that this doesn't fit with some of the assumptions that I had been believing. So I am analyzing that. But I am going to support the amendment. I will tell you that I did not vote for the bill, because the bill itself is an overall extension of the property tax increase for the purpose of community colleges. And I believe that we did that in an emergency situation for the last two years. I do not want to extend that for an additional three years across the state. We have looked at increasing receipts. And I know there's a great deal of demand on them. But certainly, before we build new campuses or take on new responsibilities, we should look at funding the responsibilities we have fully. Thank you.

SENATOR CUDABACK: Thank you, Senator Redfield. Senator Stuthman, followed by Senator Raikes.

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I truly support community colleges. I think they're one of the best things that we have out in our communities. But in listening to the discussion, I'm a little bit confused. And maybe it's because of the lack of knowledge on how the funding comes, the levying authority. But I would like to engage in a little conversation with Senator Raikes, if I could, please.

SENATOR CUDABACK: Senator Raikes, are you...Senator Raikes, would you respond?

SENATOR RAIKES: Yes.

SENATOR STUTHMAN: Senator Raikes, when you discussed, you know, the half a cent on the property taxes for the Northeast Community College, and that would mean that they would gain base, and you also stated that, you know, other ones would lose base, can you explain that, the losing base part of it? Would my Central Community College lose some base? And what would that do to my tax liability on my property?

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SENATOR RAIKES: Senator, there's a handout I will refer you to. It's the one titled, Nebraska community college areas. If you go to the bottom set of rows on that handout, there's...the first row down there is Central. And there's a minus \$35,379. That would be the reduction in aid that Central would receive under this adjustment for Northeast, as compared to not having an adjustment for Northeast. If you go on down the line, you see the reduction for Metro would be a minus 57; Mid-Plains, minus 15; Northeast, plus 218; Southeast, minus 65; and so on. There...the additional tax liability to the citizens in the Northeast area would be \$546,000. But in addition to that, they would gain \$218,000 from the other community college areas. So that, I think, is the best way I can reflect the notion that this was intended to be, and sort of required by the Revenue Committee to be, a group solution to the problem. We're not going to solve the Northeast problem without involving all of the community college areas. And so that's what's done here.

SENATOR STUTHMAN: But, Senator Raikes, would that realistically mean that Central Community College would have to get another \$35,000 from their property? Would that be assessed to their property valuations? As property taxpayers, they would be liable for that \$35,000?

SENATOR RAIKES: Senator, a couple things I would point you to. If you go to the second page of that handout, you can look at the funding per REU, is what it's called, or revenue per REU. REU is a standardized student that reflects not only the fact that a student is there, but the type of course work that they take. For example, a purely academic course is weighted less than one that is vocational, because the vocational one is more expensive to provide. If you go down to the bottom, 2010 year state aid, you'd see that with this adjustment, Central would have about \$6,049 per student...or, excuse me, per REU; whereas Northeast would have about \$4,780. So even with this adjustment, Central has considerably more funding per standardized student union...unit, rather, than would Northeast. So there is...

SENATOR CUDABACK: One minute.

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SENATOR RAIKES: ...there would be a decision by Central as to what they would need to do in terms of the local property tax funding they need. And I couldn't tell you exactly what they might do. But they do operate under a levy lid, which they would continue to have to do.

SENATOR STUTHMAN: Thank you, Senator Raikes. And it's my understanding then that those dollars would realistically coming from their only source. That only source would be property valuation. So it would be property taxpayers that would be taking care of this. Would this be right, Senator Raikes?

SENATOR RAIKES: No, it could be either property taxes or tuition.

SENATOR STUTHMAN: Or tuition.

SENATOR RAIKES: Yeah, the...

SENATOR STUTHMAN: Okay. Thank you.

SENATOR RAIKES: Um-hum.

SENATOR CUDABACK: Thank you, Senator Stuthman. Senator Raikes, you are next to speak.

SENATOR RAIKES: Thank you, Mr. President, members. I'll continue on, if I might, with the handouts, to give you...I didn't...apologize for not explaining, or attempting to explain sooner, what they purport to show. The first one, the one that says, calculated max and actual tax at 97 percent yield, in the upper left-hand corner, shows for two years, 2003-2004 as well as 2004-2005, what the maximum levy available for the community college areas was, and what they actually charged. You can see in both cases that the only area that charged or levied the maximum they were allowed was Northeast. And again, I think that relates back to the financial predicament that Northeast finds itself in. The second page of that same handout underscores the point that Senator Pederson made, that enrollments are increasing. Community colleges are an area of

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public higher education that is experiencing increasing demand. They have in recent years, and the projection for that is to continue. A comment was...or, a question was raised about Northeast having a 9 percent drop in student enrollment in the past year. I understand that that was largely due to the fact that in order to cut costs, given their financial situation, they had to eliminate a number of sports programs and other activities. And that is...resulted in, likely, a once and for all drop in enrollment. The second handout I've already referred to. But it shows not only additional money that could be raised by those in the Northeast area through a property tax collection, but, if you go to the bottom set of rows on that, shows how the support...state support would be...would impact each college area, or how this program would impact state support for each college area. And you will see that there...this is a group effort to solve this financial issue, that all...Northeast would levy themselves an additional property tax for two years. But every other area, community college area, would participate in the...in funding, or helping correct the funding difficulty with Northeast. The second page basically just explains how that relative lineup occurs as you move this out through time. I think that's all the explanation I have. If Senator Bourne is still around, I would offer him some time to continue his questions. But it looks like he is not, so I'll stop there. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Fischer, followed by Senator Chambers and others.

SENATOR FISCHER: Thank you, Mr. President. I'm wondering if Senator Raikes would yield to some questions, please.

SENATOR CUDABACK: Senator Raikes, would you yield to a question from Senator Fischer?

SENATOR RAIKES: Yes.

SENATOR FISCHER: Thank you. On page 1 of your AM0567, when you talk about the restricted funds on line 14 and 15, now, are those restricted funds...is that equal to last year's total plus last year's taxes? Is that...



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SENATOR RAIKES: Restricted funds...

SENATOR FISCHER: ...your definition, then?

SENATOR RAIKES: I'm sorry. Say that again, Senator?

SENATOR FISCHER: Your definition of the restricted funds on page 1, line 14 and 15, are those funds equal to last year's total plus last year's taxes?

SENATOR RAIKES: Senator, I'm searching to get that in front of me. Generally speaking, restricted funds would be those that are subject to the budget lid. And I'm assuming that's what this means in this context as well.

SENATOR FISCHER: Okay. Also, what is a base year revenue?

SENATOR RAIKES: I'm sorry?

SENATOR FISCHER: What is a base year revenue, in the calculations?

SENATOR RAIKES: Base year revenue is the expenditures from the previous year...at least in terms of the aid formula, the expenditures for the previous year, and I think there's allowed a 2 percent growth for inflation, and then there's also an allowance for student growth. So if you add those together, you come up with a...with the base revenue number for each area.

SENATOR FISCHER: Okay. And then, what do you use that number to calculate? What does it calculate, exactly?

SENATOR RAIKES: That number drives the aid formula. You apply the 40 percent of state aid, the 40 percent of property taxes, the 20 percent of tuition to that base revenue number. The bigger that revenue number is, the bigger 40 percent of it is, and so on.

SENATOR FISCHER: Okay. Let's see. When you add the amount of revenue collected to the base year revenue, what does that do,

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specifically, under 85-1517(2)?

SENATOR RAIKES: I don't have the...

SENATOR FISCHER: Okay. I can come back and talk with you about that later. Another question I have is, what happens after the 2007-2008 year? Do you think that community colleges will still be underfunded?

SENATOR RAIKES: Are you referring to the handout there, Senator? Or...?

SENATOR FISCHER: I'm referring to your amendment, AM0567.

SENATOR RAIKES: AM0567.

SENATOR FISCHER: When...after 2007-2008, when this would no longer take effect, do you think the community colleges will be underfunded at that time? Or will they be doing all right?

SENATOR RAIKES: My guess is, if you're talking about whether or not the state will fully fund the community college aid formula after that year, my guess is that it will not. The amount of underfunding at this point is in the range of around \$25 million per year. So if the state were to move from its current status to full funding, it would amount to an additional expenditure of about \$25 million per year. Right now, I don't foresee that. And I don't think any of the...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...budgeted amounts, either by the Governor or preliminary by the Appropriations Committee, have that in them.

SENATOR FISCHER: So I think, from your answer, I would anticipate we would be having this discussion on community colleges and funding for community colleges well into the future?

SENATOR RAIKES: That's very possible, Senator.

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SENATOR FISCHER: I also have a question on the fiscal note.

SENATOR RAIKES: Okay.

SENATOR FISCHER: I think it seems a little unclear. By your best-guess estimate, will the levy be above the maximum limit? I guess another way to phrase that question would be, how much extra did property taxpayers get burdened with last year?

SENATOR RAIKES: Probably the best evidence...

SENATOR CUDABACK: Time, Senator Fischer. I'm sorry.

SENATOR FISCHER: Thank you, Mr. President.

SENATOR CUDABACK: Time is up. Senator Chambers, followed by Senator Cunningham. Senator Chambers, you're recognized.

SENATOR CHAMBERS: Thank you, Senator...I meant, Mr. President, members of the Legislature, friends all. I was given some very good information, very pleasing to me, which I may share at a later point. But I want to ask Senator Doug Cunningham a question, as he makes his way to his desk, if he's willing to...

SENATOR CUDABACK: Senator Cunningham.

SENATOR CHAMBERS: ...respond. The question is this. Senator Cunningham, did I understand you correctly when I thought you said you have not been in favor of voting for tax increases? Did I understand you correctly?

SENATOR CUNNINGHAM: That's what I said. Normally, I don't. I have voted for tax increases, but I don't like to.

SENATOR CHAMBERS: Did you vote for that monumental bill a couple of years ago, maybe three, I forget exactly when? Thirty of us voted to override the Governor's veto on the tax increase bill. Did you vote for that?

SENATOR CUNNINGHAM: The first year, Senator Chambers--and that's probably the year you're talking about--I did not vote

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for the tax increase; the next year, I did.

SENATOR CHAMBERS: The most recent...

SENATOR CUNNINGHAM: So I'm not...the most recent one, I...

SENATOR CHAMBERS: You did.

SENATOR CUNNINGHAM: ...did vote for the tax increase.

SENATOR CHAMBERS: Very good. I'd like to ask Senator Engel a question.

SENATOR CUDABACK: Senator Engel, would you respond to a question from Senator Chambers?

SENATOR ENGEL: Yes, I will.

SENATOR CHAMBERS: Senator Engel, were you among the group known as the dirty thirty in voting for that last tax increase bill that we voted for? I think Senator Brashear might have...

SENATOR ENGEL: I certainly was, and I'm...

SENATOR CHAMBERS: ...helped fashion...

SENATOR ENGEL: I certainly was, and I'm not ashamed of it.

SENATOR CHAMBERS: You said what?

SENATOR ENGEL: I certainly was, yes.

SENATOR CHAMBERS: So you will vote for tax increases when you deem it necessary in the best interest of the state, correct?

SENATOR ENGEL: Yes, I will.

SENATOR CHAMBERS: And for that, I applaud you. And Senator Cunningham, I applaud you for having done that also. It's easier, though, to vote for a bill that's going to result in property tax increase, if it affects one's own district. I'd

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like to ask Senator Flood a question.

SENATOR CUDABACK: Senator Flood, would you respond?

SENATOR FLOOD: Yes.

SENATOR CHAMBERS: Senator Flood, if it would develop that at this...is it called the Northeast Community College?

SENATOR FLOOD: Yes.

SENATOR CHAMBERS: If it developed that at the Northeast Community College they have professors who are gay and lesbian and they have students who are gay and lesbian also, would you still be in favor of our voting for this bill?

SENATOR FLOOD: Yes.

SENATOR CHAMBERS: You don't mind them going to school or teaching, as long as the school would not fire them or refuse to hire them because they are gay or lesbian, correct? If they can once get the job, you don't mind them having it, correct?

SENATOR FLOOD: I do not. I know for a fact, Senator Chambers, that there are members of the community college faculty in Norfolk that are gay and lesbian. And I do not have any problem with the fact that they work and serve the students at Northeast Community College. And I applaud their efforts in education.

SENATOR CHAMBERS: And if it would be found, now that you and I have had this discussion, that some people know that there are gay and lesbian professors and insist that they be fired and the college fired them, would you be in favor of that?

SENATOR FLOOD: Solely on the issue as to whether or not that person had a sexual orientation that differed from heterosexual?

SENATOR CHAMBERS: Yes.

SENATOR FLOOD: No, I would not be in favor of that.

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SENATOR CHAMBERS: But if the university...if the college did it, they have no recourse at law, do they, under the current status of the law in Nebraska?

SENATOR FLOOD: I have not researched this area of law as to employment discrimination. I know that sexual orientation is not in our discrimination statutes today. However, there are certain protections built in to a community college employee through their...I believe that their community college faculty members are members of the Nebraska State Education Association. So I would imagine that they have a contract which would, in my mind, require the college to have some sort of causal relationship connected to the termination of employment, such as...

SENATOR CHAMBERS: Well, if it was...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...if it was determined that gay and lesbian professors cannot adequately do their job because of the negative image they have in the community, which may spill off into the classroom, therefore their presence is detrimental, and that was used as the cause, and it was supported, then you wouldn't object to that, right?

SENATOR FLOOD: Are you saying that they would have...I personally can never imagine a situation where that's the case, Senator Chambers, in my community college. But are you asking me whether or not I would support a legal claim, or whether or not I would support the individual?

SENATOR CHAMBERS: No, I asked you what I asked you.

SENATOR FLOOD: Would you repeat the question?

SENATOR CHAMBERS: Just as Pilate said when they said, don't write that he's the king of the Jews, write that he said he is, Pilate said, what I have written I have written. What I asked I asked.

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SENATOR FLOOD: Senator Chambers, you and I have discussed this issue. You will note in the committee statement on LB 759 that I did not vote against the bill. I simply was not prepared to vote for the bill.

SENATOR CUDABACK: Time.

SENATOR CHAMBERS: Where did Dante say the hottest place would be, and who would be there?

SENATOR CUDABACK: I'm sorry, Senator.

SENATOR CHAMBERS: I'm sorry, too, Mr. President. But I'll stop.

SENATOR CUDABACK: Thank you, Senator Chambers. (Visitors introduced.) On with discussion of AM1060 to the Revenue Committee amendments. Senator Cunningham, followed by Senator Flood.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. I'm not going to say too much, but mostly clarify a few points that have been made. Earlier, I think, Senator Bourne, did you mention the amount that would be spent on a \$100,000 house for taxation? I believe it was \$5 per \$100,000 house per year. I believe you said \$50,000? No? That wasn't you? Go ahead.

SENATOR CUDABACK: Senator Bourne, would you respond?

SENATOR BOURNE: I think Senator Raikes mentioned that it was \$10 on a house worth \$100,000, a \$10 increase; and Senator Flood said it was a \$5 increase on \$50,000. So it made sense. And I was simply trying to clarify how much we're talking about. I mean, in isolation, \$5 is nothing. But when you look at \$11 billion worth of valuation in that district, and we're allowing them to increase by a half a cent, it's way more than \$5. I was just trying to ascertain how much money we're actually talking about.

SENATOR CUNNINGHAM: Well, if we're talking about the half a cent for the northeast share of this, that is \$5 a year, or \$10

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over the two-year period of this bill.

SENATOR BOURNE: I understand that. And if there was one house in that whole district, I could...that would compute with me that it's \$5. But I know there's more homes in that district, and I'm trying to ascertain exactly what a half a cent means in that entire district. And then later on we're going to find out what 1 cent for the entire state means on all of the valuation. I think it's fair that we know exactly what we're being asked to vote for here, in terms of what the real dollars raised for these campuses are, no matter how good a cause we're talking about.

SENATOR CUNNINGHAM: Okay. And I think the amount for the Northeast district, the 20-county area, it would raise a shade over \$500,000.

SENATOR BOURNE: It doesn't compute to me, Senator Cunningham. And I've talked...I'm asking the Fiscal Office. Because if the valuation is \$11 billion, a half a penny increase is more than \$500,000.

SENATOR CUNNINGHAM: Okay. So you are getting...you've checked?

SENATOR BOURNE: Yeah, we're checking.

SENATOR CUNNINGHAM: Okay. Okay. Then you can let us know. One of the other issues, Senator Raikes told you about the funding formula. And the goal was to have 20 percent paid through tuition. And the students in North...at Northeast are paying 27 percent through tuition. As I stated, they have the highest...when you add the mandatory fees and tuition together, they do have the highest in the state of Nebraska. If you compare the community college that's closest to them in FTEs, it's about \$1,700 a pupil less that Northeast Community College gets. And, Senator Stuthman, I think you and Senator Raikes had a discussion about Central Community College. I'd like to make another comparison. In my opening, I talked about the staffing ratios at Northeast and how they've had to cut so much staff, and their numbers are down. And I'd like to compare the two. Northeast has...maybe I'll take my glasses off so I can read



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that close. Northeast has 3,245 students, Central has 3,600. But for administrative staff, there's 56 of them at Northeast, 119 at Central. For classified staff, there's 68 at Northeast, and 139 at Central. For teaching faculty, there's 100 at Northeast, 145 at Central. And for total full-time employees, all together, 224 at Northeast, and 403 at Central. And the only reason for that comparison is just to simply show you how far down Northeast has been because of this funding formula. You know, and it's very good that they're operating frugally. But it's to the point, they can't cut anymore in these areas. And we need to do something about it. And as Senator Connealy told you earlier, what we're doing probably isn't the best situation. We'd rather just come and put the money in through the General Fund, like we did a few years for Western Community College. But we simply don't have the money to do that. So we're asking you let us tax ourselves and put it into the base. It will affect the other community colleges somewhat. But it will help fix this problem with Northeast Community College. And with that, Senator Cudaback, I'll return my time.

SENATOR CUDABACK: Thank you, Senator Cunningham. Senator Flood, followed by Senator Heidemann.

SENATOR FLOOD: Thank you, Mr. President, members. I wanted to go back and address some of the issues that have been raised. I believe Senator Bourne and/or Senator Fischer might have drawn attention to why Northeast Community College has shown a 9 percent drop in FTE, or full-time enrolled students. Northeast Community College views its mission in its 20-county area very seriously, that all areas of that region of Nebraska should have equal access to education when it comes to getting a community college education. If you look at what they've done in O'Neill and West Point, you'll realize that we're not talking about a college campus; we're talking about renting a facility, putting instructors in there that can get young people and people of all ages, from Dakota, Thurston, Dixon County, and all the counties surrounding, ready to become an RN, or to work in a specific trade, or in a technical field. And sure, there will be some general education courses that are already included in what they would already have to get had they attended the same courses for an RN in Norfolk. But what they've done, in Dakota

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County, it seems like there's sometimes an invisible wall, a glass wall that exists from Wayne County and "cross-sectioning" up to the South Dakota and the Iowa border. People don't seem to drive to Norfolk to go to community college when you're in Dakota County. They've got opportunities in Iowa. So the community college board, several years ago, developed a relationship with Western Iowa Technical Community College, where we sent 500 Nebraska students over to WITCC to receive an education, and Northeast Community College, out of its own budget, paid for the difference between in-state and out-of-state tuition. That amounted, last year, to \$877,000. They have now discontinued that program, for two reasons. Number one, the tuition is escalating at a rate that Northeast is uncomfortable with. And number two, they need that money to put into programs on the Nebraska side of the border, so that Nebraskans going to school in Nebraska can attend Northeast Community College in Dakota County, and you can come from the counties surrounding. That's a little explanation of why we saw a 9 percent drop. Now, the half cent does not fix the funding formula. But there's a good faith obligation, in my opinion, placed on Northeast Community College. If they're allowed to do this, they have to go out and make it work. They have to find students that need services, and serve those needs. We need to find young people and people of all ages that are ready to go to college, and provide them the education so they become a nurse, or that they can get a degree in business, or they can be trained for a specific employer, which our community college in northeast Nebraska has done a wonderful job of. I just want to stress, this isn't going to build an elaborate campus. It's going to open up another facility, another opportunity to people in Dakota County and those surrounding counties, so that they, too, can get a college education. And like I said, a lot of these people are first-time college students, first in their family. And let's keep the momentum, and let's do that. And then let's go back and address what is unequal from the start. I think that's why we're here today. I return the balance of my time to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Flood. Senator Heidemann.

SENATOR HEIDEMANN: Thank you, Senator Cudaback, fellow members.

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First of all, I do want to say I'm a staunch supporter of the community college. I think they're a great asset to the state, and they do have my full support. I do have some questions, though. And if Senator Raikes would yield to maybe a question or two?

SENATOR CUDABACK: Senator Raikes, would you yield?

SENATOR RAIKES: Yes.

SENATOR HEIDEMANN: In the committee amendment, on page 14, line 25, it would probably be Section 4, number (7), how much additional property tax across the state is that going to allow by increasing that from...it would be 2006-2007, 2007-2008? How much additional property tax will that be?

SENATOR RAIKES: Senator, the best way that I can probably aim you in getting an answer to that is to look at the handout, and look at what has happened in the two years that that additional levy authority has been made available to community colleges. And that's a handout I think you have, the one that's, again, titled, calculated max and actual tax.

SENATOR HEIDEMANN: Got it.

SENATOR CUDABACK: Senator...

SENATOR HEIDEMANN: I'm still waiting...I'm waiting for that...I don't...point me to where...how much it will be across the state.

SENATOR RAIKES: Okay. What...probably the calculation that needs to be made is to look at the maximum levy allowed, and then to look at the additional levy that would be allowed by this provision, namely, the extent to which the state underfunds community colleges, how much could they retrieve, and then look at how much they actually have done in the years. Another way you can look at it is, if you go to the other handout...no, I don't have that on another handout. I'm sorry. If you look at the underfunding by the state of the community college formula, it's about \$25 million a year. So if the community college

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areas decided to use this authority to make up everything the state underfunded, it could be as much as \$25 million a year. But in fact, all the community college areas, other than Northeast, have elected to make up less than that maximum amount.

SENATOR HEIDEMANN: If we pass this amendment, won't it show, though, that they will have an increased need, because more money from the state aid will go to Northeast, and then they will pick up more through property taxes in the rest of the state?

SENATOR RAIKES: It's a good question. But actually, the way it works, at least as I understand it, is there would be a reallocation of that need, as you describe it. I don't think that's actually what it's called in the community college formula. It's called a revenue base. But there would be a reallocation of that, rather than an increase, as the result of this.

SENATOR HEIDEMANN: Correct. It would be a reallocation of the state aid. But to make up for what they lost in state aid at that time, wouldn't they want to increase their property tax? Because there are some community colleges that don't really even realize all the property tax that they can already levy. Is that correct?

SENATOR RAIKES: They...when you say "realize," they don't now levy it.

SENATOR HEIDEMANN: They don't (inaudible).

SENATOR RAIKES: Yes, that's true. And your guess is as good as mine on that. My guess...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...is that probably the additional levy authority that they've actually used would be indicative of what they'd do in the future. They haven't used all the levy authority that was made available to them by this LB 38

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provision in the last two years, except for Northeast. And I'm guessing that's probably the way it would continue in the future.

SENATOR HEIDEMANN: I'm just thinking that if you take a little bit of money away from them, to get that money back, they're going to increase property taxes to make up for that amount that the state aid takes away from them when they recalculate. That's just my guess.

SENATOR RAIKES: And again, we...certainly, that's a possibility. The other possibility is to get more revenues through tuition increases, if in fact they decide they need more.

SENATOR HEIDEMANN: Okay. Thanks a lot. I've got some other questions. I'll push my light again. Thank you very much.

SENATOR CUDABACK: Thank you, Senator Heidemann. Senator Bourne, followed by Senator Connealy, and Senator Johnson, Senator Chambers, Senator Fischer, Senator Engel, Senator Heidemann.

SENATOR BOURNE: Thank you, Mr. President, members. And I, too, support community colleges. I went through the community colleges in Southeast and got a great education, and I don't have any problem with that. But what I struggle with is, when we can't afford what we have, to adding to it. And I voted against this in the committee in the years past, simply because they were going to build a campus. And I thought, here we are in tough economic times, and now is not the time to be building a campus. And I still am not clear. I heard Senator Flood saying it's not a campus, and Senator Raikes yet said that he wasn't...I don't know what exactly he said. I'm going to clarify this. But when I was on the Revenue Committee a year or two ago, the head of Northeast Community College at the time--I don't know if it's the same gentleman or not; very nice man--came in and talked about how they wanted to build a campus. And at the time, Senator Engel came in and supported the bill. And rightfully so, because it was going to be a campus in South Sioux. And we absolutely...we probably need it. But again, I'm

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questioning raising this...raising property taxes at a time when we're still struggling to come out of a deficit situation. We had a briefing recently, and our economic troubles aren't nearly over. And I think Senator Pederson will talk about that. You know, the state, I still think, is in peril economically. And I'm trying to figure out how it is we can afford to raise property taxes to fund new things when we can't afford what we have. And I did talk to Fiscal, and they did say that it is absolutely accurate, the \$500,000 a year number for Northeast. So it...over two years. So it's \$1 million. So that's an absolutely accurate number. And then Senator Heidemann's comments as it relates to the 1 cent statewide. Now, I understand...Senator Raikes, would you yield to a question?

SENATOR RAIKES: Yes.

SENATOR BOURNE: Is the 1 cent...

SENATOR CUDABACK: Senator Raikes.

SENATOR BOURNE: ...statewide, is that...in your estimation, is that about a \$10 million increase?

SENATOR RAIKES: When you say the 1 cent statewide, I'm not sure if...

SENATOR BOURNE: Okay. In the bill...clarify, or help me out, because I'm having trouble tracking this. In the amendment, we're raising the levy authority for the Northeast section by one-half cent.

SENATOR RAIKES: Okay.

SENATOR BOURNE: Is there also an extension of the 1 cent statewide that we put into the statute a year or two ago in order to allow the community colleges to respond to the budget cuts?

SENATOR RAIKES: Actually, Senator, I think what you're referring to is the opportunity, with a three-fourths majority vote, to make up whatever the state shorted the community

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colleges in terms of state funding. So that may be 1 cent, it may be something other than 1 cent.

SENATOR BOURNE: Okay. I just want to know exactly what we're talking about in the bill. And I'm comfortable that the Northeast is \$500,000 a year for two years. And I do agree that it corrects a disparity that Northeast has been treated...I don't want to say unfairly, but treated differently from the other community colleges, districts. Is that right?

SENATOR RAIKES: Yeah. Based on their decisions about expenditures in a base period, which I think was '96-97 or something, yes.

SENATOR BOURNE: Okay. And then Senator Heidemann mentioned the 1 cent extension. Now, could you clarify that for me, Senator Raikes?

SENATOR RAIKES: Again, I think he's talking about...we currently have the provision that with a three-fourths majority vote, and so on, a community college board could elect to make up the shortfall in state funding. And Senator Heidemann and I talked about, well, how much money is that? Well, if you look at the shortfall--and I'll try to get you that handout, I don't think I have it available for you right now--it amounts to about \$25 million a year. It starts out this year something less than that, and gradually increases. This, again, is an assumption, if we continue doing about like we've done in the past. So if the community college areas decided that they wanted to make up all that shortfall with an additional property tax levy, it would...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...the additional property tax statewide would be about \$25 million.

SENATOR BOURNE: Okay, but what you're...

SENATOR RAIKES: History suggests that they've done less than that.

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SENATOR BOURNE: Okay. You had handed out a handout that said, calculated max and actual tax at 97 percent yield.

SENATOR RAIKES: Right.

SENATOR BOURNE: Now, is that...like, in Central there, it says, unused authority is \$481,000.

SENATOR RAIKES: Right.

SENATOR BOURNE: So what you're saying is that we gave them the additional 1 cent, and the only district that used it was Northeast, in order to respond for the disparate way they're treated in statute today?

SENATOR RAIKES: That's correct.

SENATOR BOURNE: Okay. And so when you say that it's a 1 percent...an extension of a 1 percent authority, that does not necessarily mean they're going to use it. Is that...?

SENATOR RAIKES: Right. They...it's an option, but it's not a mandate that they use it. Yes.

SENATOR BOURNE: Okay. I guess what I'm trying to do is boil it down in real dollars how much money we're talking about. I'm...

SENATOR CUDABACK: Time, Senator.

SENATOR BOURNE: ...comfortable, in Northeast, that it's \$1 million. But I'm not so certain as to what it is in the rest of the state.

SENATOR CUDABACK: Thank you, Senator Bourne. (Visitors introduced.) Next speaker, Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President, members. I think we've covered most of it. But I just want to reiterate that if you have an inequity, if there's something wrong with a formula, it exaggerates over time. And so when Northeast got behind, it



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just builds on itself. They can't grow out of it. They can't fix it themselves. We're locked into a problem that only gets worse. The needs are growing dramatically in northeast Nebraska, and especially up in South Sioux and in Dakota County. I've seen where the majority of those students are going into Iowa. And then they're less likely to come back here. We've had a tremendous cost shift. Iowa treats their community colleges differently than we do in Nebraska. We subsidize to the point where we try to keep it around 20, and Northeast is 27 percent of the cost goes through tuition. Iowa does it a different way. They go up to almost 50 percent of the cost of their schools are through tuition. So the fact is that when we tried to serve those Nebraska students in the way that we're serving students all over the state, in the same way, the only way we think we could do it was to have them go to the next community college in Iowa. And then when we paid that tuition difference, we made up what Iowa doesn't do for their community colleges, because of the fact that the tuition there is so dramatically higher than Nebraska's tuition. If we don't serve those students in northeast Nebraska, then they're going to have to travel to other parts of Nebraska, or pay that higher tuition into Iowa. It's a segment of the population that's growing dramatically. I think that South Sioux is one of the fastest growing parts of our state. We need to make sure that we serve people equitably across the board, and we need to fix this. And this is a good solution. This is one that, even though it costs more in property taxes for northeast Nebraska, it will allow the formula to be readjusted over time, and make it a more equitable situation for students in Nebraska. It doesn't solve the whole problem. I think even after the two years it's not going to be as equitable as I'd like to see it. But at least it makes a big step in that direction. Thank you, Mr. President.

SENATOR JANSSEN PRESIDING

SENATOR JANSSEN: Thank you, Senator Connealy. Senator Johnson.

SENATOR JOHNSON: Mr. President, members of the delegation, first, like so many before me, I do believe in community colleges. And they have strengths in certain areas that we just cannot do without. I also am going to support the passage of

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this legislation, because I do believe that Northeast and the Norfolk campus, et cetera, do have a unique situation, where they are treated differently from the rest of the state. But what I really wanted to get up and talk about is what Senator Bourne started talking about. And that is, can we afford everything that we're doing? I've been here three years, and this is the third year that I've talked about this. And I have a difficult time seeing that we're making any progress. Let me give you an example or two. And my numbers might be off just a little bit. A little while ago this morning, Senator Aguilar talked about that there was a decrease in the number of students at UNL. There most certainly is. At the same time, Southeast Community College is expanding. It bought the...or at least rented, the Gallup campus. It's my understanding that there are now 230 courses taught at Southeast Community College that are taught at UNL. Why do all the students go to Southeast Community College? It's cheap. In fact, I think the smarter students are going to Southeast Community College. Because for 40 percent of the cost, they can get the same credit hours, which they then transfer back to UNL. Now, if we were a business selling television sets, and it was one owner of that business--and it is, it's the people of Nebraska--can you sell television sets at 60...or, about 70...I guess it's 86th or so, and O Street, at \$500, and sell the same television set at 13th and Vine for \$1,250? How many TV sets are you going to sell at your store at 13th and Vine? Senator Chambers has got the answer--zero. Well, we're heading in that direction. But they're not the only ones. They're not the only ones. Peru, I've been told, teaches more students in Douglas County than they do on their own campus. They have two places in Lincoln. Well, I hope that I've got you thinking about this a little bit. Because we keep talking about coordination of higher education. We even have a commission that does that. It's called the Coordinating Committee. With what I've just told you, do you share my question as to what they're coordinating? What we actually have is this. There are about 47,000 students in the university system. I think there's about 7,500 in the state...

SENATOR JANSSEN: One minute.

SENATOR JOHNSON: ...college system. In order to add those

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7,500 students, we add two more boards. Isn't it about time that we start thinking about efficiency of government? And higher education is as guilty as any of them. Thank you.

SENATOR JANSSEN: Thank you, Senator Johnson. Senator Chambers.

SENATOR CHAMBERS: Mr. President, friends all. Senator Johnson, I had been scratching down things I wanted to be sure and remember to mention. And I had written, university system, state college system, community colleges. Why in the world would a state with as small a population base as Nebraska have three higher education systems? Why? It doesn't make any sense. It's a political issue. And it has now boiled down to turf battles. There are not enough students, and there is not enough money in the state coffers to support three systems. The very good example that Senator Johnson gave of the television sets being sold at two different stores, both stores owned by the same person or entity, at vastly differing prices. What the community colleges will do is get enough political clout during a session to say, let us put in all these courses which, when taken here, can be transferred to the university. University might squeal and make its noises, but nothing happens except that education systems within the state become competitive. The education standard in Nebraska is not high. People don't brag about having gone to school in Nebraska. Some from Nebraska might lie and say they went to K State. Not Yale, not Harvard, not Brown, not Vassar, but K State. That carries a greater amount of prestige in some people's minds than saying they went to school in Nebraska. Anything anywhere else is better than anything in Nebraska, even football now. And that's the only reason Nebraska hadn't slid off the planet. But they're doing what they can to shore that up. Now you know what they're doing? They're going all the way around the entire state, and they got people with wooden stakes, six feet long, and a sledgehammer, and they're driving these stakes in all around the state, so if there should be an attempt to make the state slide off the planet, those stakes around the state will stop it from happening. Well, why are they putting the stakes all around the entire state, and why not just on the side where the state might slide off the planet? Well, they don't know. Fate is fickle. So they don't know which direction the slide will take place.

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So here we are, a conservative Legislature, talking about raising property taxes. Senator Bourne added to the mix by saying, you cannot afford what you have, so now you're going to invest more. People are in debt, so they get a credit card and go into deeper debt. Then they cry when they find out they cannot file bankruptcy as easily as before. And they're going to have those people, who they're in debt to, squeezing money out of them, however small an amount. Because these bloodsuckers operate on the basis of volume, not individual cases. So there are senators who can see the foolishness in the individual life of a person who manages his or her finances so poorly. But then, when it's their specific district or area, here they come, saying, but do it differently for us here, because the important thing for me is to get reelected. I want to be able to say I did this or that. When the main purpose of an individual is to get reelected, then you can tell how...

SENATOR JANSSEN: One minute.

SENATOR CHAMBERS: ...that person is going to vote, which issues will mean something, which issues will keep them on the floor, which issues will see them running away. These are the kind of issues where you see "ruralies" staying on the floor, because they can kind of grasp this, because it might have some impact on running for reelection. A broader issue, can't even conceive of it. Has no impact on them, because they know their constituency. This that is being done does not constitute sound fiscal policy, not sound taxing policy. It's another of those hit and miss, pitch and patch, baling wire...and what's that gray kind of tape that they said you ought to put around all your windows and keep...duct tape. Keep all the biological and radiological agents out of your house, so you put it all around your window, then you suffocate. (Laugh) Americans are amazing. Thank you, Mr. President.

SENATOR JANSSEN: Thank you, Senator Chambers. Senator Fischer.

SENATOR FISCHER: Thank you, Mr. President, members of the body. When I travel through the 43rd District, the biggest concern that I hear from my constituents is property taxes, and the property taxes are too high, and that isn't there some way the

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state can get control over what's happening at the local level with property taxes? Five of the counties of my thirteen counties, five of them are within the Northeast Community College service area. And, Senator Chambers, I don't support this bill. It's an increase in property taxes. We've heard comments made that Northeast Community College has been treated differently. I take that to mean that Northeast Community College has somehow been treated differently than the other five community colleges. I don't believe that statement. Senator Raikes said that Northeast Community College is facing some of the challenges that they face now because of their decisions. I agree with that statement from Senator Raikes. We heard from Senator Flood that Northeast Community College wanted to serve the students of that area. And since there's a glass wall at Wayne, and those students then go to Iowa to community college, Northeast Community College made the decision to pay tuition...to make up the difference and pay tuition to Iowa. Senator Flood and I had that conversation earlier, and I was totally amazed, and I was floored that that decision was made. I'm happy that that is no longer going to happen from Northeast Community College. I don't agree that property taxpayers, those from the five counties that I have in my legislative district that are in Northeast Community College's service area, or the property taxpayers anywhere in the state of Nebraska, need to see an increase in property taxes to support community colleges. I agree with Senator Bourne that decisions have to be made. And decisions have to be made on what this state can afford, what the people of this state can afford to pay for. Because it's the citizens of this state that are footing the bill, whether it's local property taxes or whether we talk about the state, the state paying it. Face it, guys. It's people. It's people that are paying for this. And I think we need to decide what people in this state can afford to pay for. I don't support this bill. Thank you.

**SENATOR JANSEN:** Thank you, Senator Fischer. Senator Engel.

**SENATOR ENGEL:** Mr. President, members of the body, of course, as you know, I do support this bill. And what Senator Fischer was just talking about, that contract with WIT, Western Iowa Tech College, several years ago, where we reciprocated, and that

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has been...that is no longer in effect, of course. But there's another situation. Like I keep saying, I said, in northeast Nebraska now we have a huge minority population. Western Iowa Tech is still over in Sioux City, Iowa, but they're really unaffordable for our population. Another thing, as far as the minorities, again, they do realize the value of an education. And I think it's so important if they want to catch up with the rest of it, it's very, very important that they get this education. But it has to be affordable. Another thing about the minority population up there, they don't want to leave home to get their education. And like I told you, right across the river, four miles away, they can get it, but it's too expensive. So they don't want to leave home, and most of them have to work in order to get their education. So with this facility in South Sioux City, they can do both. They can stay home, they can work, and they can get an education that's so important. In this study also, it showed that there's about...the state saves about 19 percent in social and health costs from those people who do get an education through community colleges or otherwise. So there is a savings to the state in the long run. And we know what the cost of our health is...health coverage here is in the state of Nebraska. Another thing, as far as Wayne State College, this is a cooperative effort between the two of them as far as this projected campus. The reason I say projected campus, right now, Western...I mean, Northeast is leasing a building in South Sioux City. They have a six-year lease on this building. That was approved by the Coordinating Commission. So that...and if...and I'll tell you...almost guarantee you one thing. If enrollment doesn't increase where it looks like this is viable, that you will not see a campus built. But the potential is there, and there's all kinds of pluses as far as this really, really operating to everybody's benefit in northeast Nebraska. So again, I want to emphasize that there's a lot of cooperation up there between our city, our county, and our school districts. As far as when...as far as where this campus could be built, the land will be donated. A lot of infrastructure will be taken care of by the local communities, and et cetera, et cetera. So it is a cooperative effort up there. Everybody is becoming part of it. So again, I just can't emphasize enough as far as how important education is, and if we're going to help these folks...not only the

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minorities. We have a lot of people up there that are not minorities who cannot afford to go to school. It's always been that way in our area. So they can get the good out of this, too. So it's just not the minorities but we do have 52 percent minorities and, at this point in time, they cannot afford to go away, they do not want to go away, but they do direly desire an education. With that, I'd return any...I mean I'd transfer any time I have left to Senator Raikes, if you desire.

SENATOR CUDABACK PRESIDING

SENATOR CUDABACK: Senator Raikes, about 1, 40.

SENATOR RAIKES: Thank you, Mr. President, members. Thank you, Senator Engel. There is a handout coming around, coincidentally, that's entitled "Nebraska Community College Areas Data as of March 3, 2005." The question has been raised as to how much total money might be raised by the provision of LB 38. There's probably more information here than you want, but if you look at the very bottom line, it's titled "Over/(Under) funding," that is the extent to which the state contribution to the community college formula meets or falls short of that called for. So if you follow across there, in 2005 it's about...

SENATOR CUDABACK: One minute.

SENATOR RAIKES: ...just under \$18 million. It ranges up in a projected amount of \$28 million in 2011. The way that provision works, that if the state fully funded the formula there would be no additional property tax levied under this provision. It only allows the community college areas to makeup the shortfall in state funding. So certainly that's one possibility, that the state would fully fund the formula, thereby there would need to be no additional property tax collected. As I've said, I doubt that will happen. If you look at the budget situation, I don't think the state is going to be able to afford that kind of an increase. Why not then, in my view, allow community college areas to make their own decision on that?

SENATOR CUDABACK: Time, Senator Raikes.

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SENATOR RAIKES: I would remind you...am I through?

SENATOR CUDABACK: Sorry, your time is up.

SENATOR RAIKES: Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Heidemann.

SENATOR HEIDEMANN: I will be more than happy to let Senator Raikes finish that thought. Then I'd have a question for him, if he would so let me ask.

SENATOR CUDABACK: Senator Raikes.

SENATOR RAIKES: Thank you, Senator Heidemann. My point was going to...simply to finish the thought, is that community college areas not only operate efficiently but they are a growing institution in the state in terms of educating people at the postsecondary level, and they're also an important part of economic development in the state. So, Senator Heidemann, thank you.

SENATOR HEIDEMANN: And I will admit they do operate efficiently, something that is very much needed in this state. But I've always thought that we funded education wrong in this state. I've always thought that we relied too heavily on property taxes to fund education in this state, not only in the K-12 districts, but probably in the community with the community colleges. Senator Raikes, you came in before Appropriations and you asked for more funding for special education. Why did you do that?

SENATOR CUDABACK: Senator Raikes.

SENATOR RAIKES: Senator, I hope as I explained then, this is an obligation that schools have; they don't have any choice on. It's a federal mandate. They have to fund the programs. It doesn't make a lot of sense to, in my mind, not to provide the money to cover those expenses and, in fact, from the state's



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perspective, if you don't provide it through special ed funding, you're probably...or you will provide it through TEEOSA funding in two years.

SENATOR HEIDEMANN: And I probably asked that question because I really believe that, you know, you came in and wanted fully to fund that because if we don't do it who will fund it?

SENATOR RAIKES: Senator, I think you're searching for the answer that the schools will fund it because it's something that is required of them.

SENATOR HEIDEMANN: And the schools are funded, if not by state aid, they are funded by?

SENATOR RAIKES: Property tax and other accountable receipts, but mostly state aid and property taxes.

SENATOR HEIDEMANN: Right. My point is I really think that we ought to look at maybe funding the community colleges. There are people in this body that will argue with me and have already stood up and said that. But I really think, we came up with, I think the figure was, \$283 million over the next three years in extra revenue, \$283 million. That's a quarter of a billion dollars of extra revenue that we can spend if we so choose. This isn't enough, evidently. We're trying to go back to the property taxpayers and say we need more property tax base. I don't see how I can go back home and justify me voting green on this. I ran on property tax relief. I put a property tax bill, that the Revenue Committee has not kicked out, that would relieve property tax. This is a tax increase. Anybody who votes yes on this needs to understand you are voting for a tax increase. With that, I'll give the rest of my time back to the Chair. Thank you.

SENATOR CUDABACK: Thank you, Senator Heidemann. Senator Flood. And this is your third time, Senator Flood.

SENATOR FLOOD: Thank you, Mr. President, members. I think we need to make one thing really clear here. There is this idea that we are going to recreate the campus at Norfolk in South

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Sioux City. That is not the case. This has nothing to do with building buildings or putting up some huge sign that says this is our brand new campus. We are renting...and when I say "we," Northeast Community College is renting a building for six years for 10,000 square feet of space. That space will be divided up so that we can have classrooms, and inside those classrooms we're going to have students from the area, from Nebraska, from Dakota, from Thurston, from Dixon County, from Wayne County, and they will be taking classes, just like they already do in Wayne, just like they already do in O'Neill, similar to like what they do in Norfolk, except in Norfolk we have the bricks and the mortar and the building, and the broadcasting program, and the partnership with the hospital. This is going to be a rental agreement for six years to operate a 10,000 square foot office space so that we can educate kids that we were sending to Iowa. Now, this is one of the things that we can move into if we get the money, but we need the money in Northeast Community College because we need to maintain the programs we already have, like those kids from Newman Grove that want to graduate and attend an ag program at Northeast and farm in southern Madison County. That's who we need. We need the programs in O'Neill to exist. And Senator Fischer raised a number of questions. We're teaching in Ainsworth accounting, general biology, business statistics, essential conversation Spanish, English composition, art history, LPN certification. Forty-five students are in an on-site class in Ainsworth, Nebraska, already, taking nurse aide classes so that they can work in nursing homes and hospitals, in healthcare. We're in Bassett, we're in Stuart, we're in Springview. We're all over northeast Nebraska. To say that this is to build a campus is wrong. This is to maintain the quality service that Northeast Community College provides to the 20-county area. That's what this is about, and I don't like it any more than anybody else. In fact, property tax increase in my first 60 days, that's scary, but I'm doing it because I see the value of the programs. I see what's being done across the area in all 20 counties. And, yes, Senator Fischer, people are paying the difference, just like they're paying the difference on LB 664, the critical hospital access bill that you've got. People are paying the difference. There's money associated with these bills and that's why they're important because they do things that benefit Nebraskans, and this benefits Nebraskans.

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This fixes the formula on the backs of the taxpayers of the 20-county area. Had I thought we could actually get enough money from the state to infuse in the northeast, trust me, we would have preferred that, but this seemed like the more logical route because that way it puts the burden on the senators from the area and from the board of governors of Northeast Community College. So, yes, people are paying the difference. And I guess you have a vote, Senator Fischer, in the 43rd District that includes the Northeast Community College area, so do those taxpayers out there. The Northeast Community College board is also elected. They have to stand up and they have to answer the question. I believe this is necessary. I believe it's the right thing to do, and that has to meet a high threshold for a lot of senators in this room and it's met the threshold for me. I return the balance of my time. Thank you.

SENATOR CUDABACK: Thank you, Senator Flood. Senator Raikes. And this will be your third time, Senator.

SENATOR RAIKES: Thank you, Mr. President, members. Really, I had an opportunity to go over the most recent handout which deals with the total shortfall in state aid or in state funding, so I don't need to review that. I would point out that there was some discussion about a campus in South Sioux City, Northeast Community College area. The funding we're talking about here could be used for operations only. Building levies are outside this. So this is not money that would be used to build a new campus, so to speak. This is simply operational funding. Again, I would suggest that the formula that's in place is a conservative formula. You take the revenue base. You add 2 percent for inflation. You add to that only the actual student growth. You come up with a new revenue base and then apply the 40 percent state aid, the 40 percent property tax, and the 20 percent tuition. Certainly, the part of the formula, the LB 38 part of this bill, if the state were able to fully fund the formula there would be no additional property tax. Community college areas are only allowed to do the additional level to the extent the state underfunds the formula. The, you know, the concern about property taxes is one that we all have. In this particular case, I should point out that there are two other concerns you need to weigh. One of them is,

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are you willing to raise state level taxes enough so that we could fully fund the formula from state coffers, or are you willing to underfund community colleges and thereby jeopardize their ability to provide the important service they do provide, namely, of educating an increasing number of students in the state and contributing, mightily, I would argue, to economic development in the state? When you weigh all that out, to me, this is a reasonable proposal, both parts of it are, and I think we should move forward with it. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. Senator Louden, followed by Senator Cunningham.

SENATOR LOUDEN: Thank you, Mr. President and members of the body. As I listened to the dialogue this afternoon and the discussion on your community colleges, I'm not that familiar with Northeast, nor do I know if they have a campus or how they operate their system. I don't know if they're working in conjunction with Wayne College or how they operate. I'm more familiar with the ones in my area, in the Western. And when you talk about the levies, if you notice on this calculated maximum and actual tax that Senator Raikes passed around, and when you go to the 2004-2005, why, it's a 9-cent mill levy down there, is what it is, instead of the 7 from up above. It's raised 2 cents last year, which all went onto property tax. And, of course, in the rural areas, property tax is something that's eating our lunch at the present time. Not that I'm against community colleges. I think we have a very good one out west. There's some problems I have with it. I think community colleges have lost the intent that they were originally designed to do, and that was for local youngsters and students to get an education closer to home and do it in a more economical manner. At the present time, we have a lot of community colleges that were recruiting basketball players out of state and sometimes in other nations out of...clear out of the country, so I think some of this part has to be reevaluated. Whether Northeast does anything like that and would make a difference on their budgeting authority, I don't know. One thing, I was wondering if Senator Engel would yield to a question, please?

SENATOR CUDABACK: Senator Engel, would you yield to a question

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from Senator Louden?

SENATOR ENGEL:    Yes.    Yes.

SENATOR LOUDEN:    Does Northeast have a campus?  Is that what I understand, that you don't have any type of a campus over there?

SENATOR ENGEL:    Right now in South Sioux City they leased a facility there.  They have a six-year lease on it that was...that was approved by the Coordinating Commission.  Prior to that, they have been offering some classes out...over there in some of our school buildings and the community buildings, but just on a small, small scale.

SENATOR LOUDEN:    Now, are you using that, what you...community colleges can, what, levy 1 cent or so for capital improvements and that sort of thing?  Are...is Northeast using that?

SENATOR ENGEL:    You know, I'll tell you what, I've got to ask.  I'm sorry, I don't have the exact answer to that, but I'll find out in a minute here.

SENATOR LOUDEN:    Yeah.  Well, usually on your tax notices they'll tell you whether they do.  And as Western there, when you put the 9 cent on there and, of course, there's another cent on top of that, so we're up to over 10 cents for our community college out there.  And my understanding is with this bill then, as we proceed with it, this gives the rest of the community colleges the same authority or extends the authority to increase their tax levy.  And, yes, as I think Senator Raikes pointed out that it takes three-quarters of a vote of the board of directors, but I can usually understand where that will go.  The board of directors have to operate the college and, of course, the more financing they have, the easier it is to operate the college.  So that isn't always a deterrent to not raising the taxes.  So I have some reservations, but I think it...I don't think I can support this bill.  I think it's going to be a property tax increase.  I'm...probably have some consideration or some compassion for Northeast that they probably have themselves in somewhat of a box that they've got worked into,...

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SENATOR CUDABACK: One minute.

SENATOR LOUDEN: ...and I know how that works with budgeting authority. If you weren't high on your budgeting authority when some of these caps came in years ago, yes, you were behind the gun for quite awhile. It isn't something that they can be worked out. But I think by using their full levying authority for a few years, they can probably come out of that as good as anybody else. That's all part of managing the system. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Louden. Senator Cunningham. And this will be your third time, Senator.

SENATOR CUNNINGHAM: Thank you, Senator Cudaback and members. Senator Louden, I would address the one issue you just asked Senator Engel, and he says they do have the 1-cent authority and are using it for capital construction. So I guess I would like to address a couple things. Senator Fischer, something you said, we talked...we talked about it's almost like it's mismanagement of Northeast's board and their administration that caused them to get into this problem, but you've got to understand they had a 33 percent increase in enrollment in one year, and they had not raised their property tax yet. They hadn't. The revenue wasn't right and they...it affected them when they set the base, when, I think it was, LB 216 or LB 213 came into play that year. So they've been forever affected since that. And Senator Louden said that, well, if we just manage right, we can come out of that eventually. Well, I don't believe that's quite the case. I think the numbers that Senator Raikes gave us earlier showed that even with the half-cent increase to the base for these next two years, in a few years down the road we're still not going to be anywhere close. He was comparing Northeast to Central Community College, and the cost per FTE is still going to be...or, not the cost, but the amount of revenue received per FTE is still considerably less at Northeast Community College. Well, one of the things that I'm the most proud about...and Senator Flood did a very good job of explaining that they are not building a new campus at South Sioux City. They have leased space. But they've got an agreement with Wayne State College and the students in this

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30-mile radius, or whatever, around South Sioux that come to this new rented campus space, they've got an agreement for the next two years that Wayne State, those credits, will transfer. Many of these students will go to Wayne State. And Senator Engel talked about earlier the huge number of people that when they come to Nebraska to college they stay in our state and they will get jobs here and they will help. It will be the entrepreneurs, we hope, and they will help the economy of Nebraska. Senator Fischer, you talked about the property tax increase. I do not want a property tax increase either, but our students are paying a considerably higher rate for tuition than other students throughout the state of Nebraska because of this and I don't see any other way. I'm like Senator Flood. I've made the decision. I think this is what we need to do and I will suffer the consequences when I go home, when I have to explain to people about this tax increase. But I have been explaining that for the last several months, actually for the last year and a half, because I introduced a similar bill last year. I'm telling the people it needs to be done and it needs to be done for our students, and so that's where I am. I want to stress it is very small, though. We've talked about it many times, but on \$100,000 house it's \$5 a year, \$5 a year. It costs you that much if you go to McDonald's and get a meal, so that's what it would cost you per year on \$100,000 house. And with that, I will return my time.

SENATOR CUDABACK: Thank you, Senator Cunningham. Senator Janssen.

SENATOR JANSSEN: Thank you, Senator Cudaback. Members of the Legislature, I believe I helped put this bill out of Revenue, but there's a few things that I wanted to bring to your attention. In the district or in the area that this community college is located, if there are any LB 775 recipients in that area, of course, you know their property taxes are refundable. And if that school district is equalized in that area that they are in, then the state makes up the difference. Wanted you to keep that in mind. You know, I can understand the situation in northeast Nebraska. Community colleges do us a great benefit in this state. And could I have a little conversation with Senator Raikes, if he is available?

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SENATOR CUDABACK:      Senator Raikes, would you yield to a question?

SENATOR RAIKES:      Yes.

SENATOR JANSSEN:      Senator Raikes, I don't know whether you were listening or not to what I was saying about LB 775 recipients. Is that correct, the statement I made about the...if that school district is an equalized district then the state comes back and refunds that property tax to that school district?

SENATOR RAIKES:      I believe that is correct, Senator. If there's...if it's an equalized district and there's a reduction in property tax receipts, then it's made up by aid which comes from the state.

SENATOR JANSSEN:      Okay. Thank you. Then I was correct. But I look at some of the young people that are going to that community college, you know, and if they are paying a higher tuition rate than, say, Southeast Community College or any of the other ones, and they're in that...and that is in their location, you know, I think that's an unfair situation also. So you're going to have to kind of equalize both ends out here, but I wanted you to realize what is happening with those recipients. And I'm sure there are...there are others in the Sioux City or South Sioux City area that are getting some LB 775 dollars. With that, I would give the rest of my time to Senator Connealy, if he'd like to have it.

SENATOR CUDABACK:      Senator Connealy.

SENATOR CONNEALY:      Thank you, Senator Janssen. Members, I just, once again, think that this is a solution that is not very palatable, that no one wants to do this, but it has to happen. We have to bring equity to this. We have to be able to have the same opportunity across the state, and I'd urge your support of this amendment and then on the underlying bill itself.

SENATOR CUDABACK:      Thank you, Senator Connealy, Senator Janssen. Senator Burling.



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SENATOR BURLING: I call the question.

SENATOR CUDABACK: The question has been called. Do I see five hands? I do see five hands. The question before the body is, shall debate cease on AM1060? All in favor vote aye; those opposed, nay. Question before the body is, shall debate cease? Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 27 ayes, 1 nay, Mr. President, to cease debate.

SENATOR CUDABACK: The motion was successful. Debate does cease. Senator Raikes, the Chair recognizes you to close on AM1060 to AM0567.

SENATOR RAIKES: Thank you, Mr. President. Members, let me remind you this amendment would reduce the authority for Northeast Community College area to increase its levy by one-half cent from a four-year period to a two-year period. Listening to the discussion, I think most everyone would favor this amendment, so I would urge you to vote for it. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on AM1060. The question before the body is, shall that amendment be adopted? All in favor vote aye; those opposed, nay. Voting on AM1060, which is an amendment to the committee amendments to LB 38. Have you all voted on the question who care to? Record please, Mr. Clerk.

CLERK: 29 ayes, 2 nays, Mr. President, on the adoption of Senator Raikes' amendment.

SENATOR CUDABACK: The motion was successful. The amendment has been adopted. Mr. Clerk, anything further on the committee amendments?

CLERK: I have nothing further on committee amendments, Mr. President.

SENATOR CUDABACK: Committee amendments are up for discussion.

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Senator Landis, did you wish to? He waives the opportunity. Further discussion on the committee amendments? I see no lights on. Senator Landis, you're recognized to close, as Chairman of the Revenue Committee, to close on AM0567.

SENATOR LANDIS: Thank you, Senator Cudaback. To summarize for the body, there are two ideas in this bill now because we've adopted the amendment to the committee amendment. If we adopt the committee amendment, this is what the bill will look like. It will say, for community colleges, you get a chance to use the amount of money that you would otherwise have gotten in state aid which we cut, but you'll have essentially some flexibility from your levy and budget limits so that you can make up the difference, should you so want to, with I believe a supermajority of the local board. Secondly, with respect to the Northeast area, they will have an opportunity to put in a half cent that they raise locally into their base, and by sticking it into the base it will change their relative relationship to other community colleges when it comes time to disperse the pot of state aid that we give to community colleges. When we do that, Northeast will have some, but not complete, remedy for the historical anomaly that they are, which is that they have less money per student than other community colleges and they've maxed out their ability to make improvements because they're at the top of their authority level in assessing to get the resources necessary to teach. So for two years there will be a half cent additional levy for the Northeast Community College area, and that will work its way into the base. So those are the two ideas, upon the adoption of this amendment, that would be in LB 38. I would ask for the adoption of the Revenue Committee's amended committee amendment.

SENATOR CUDABACK: You've heard the closing on the Revenue Committee amendments. The question before the body is, shall they be adopted? All in favor of the motion vote aye; those opposed, nay. The question before the body is adoption of the committee amendments offered by the Revenue Committee to LB 38. Have you all voted on the question who care to? Record please, Mr. Clerk.

ASSISTANT CLERK:        30 ayes,    6 nays    on adoption of committee

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amendments, Mr. President.

SENATOR CUDABACK: The committee amendments have been adopted. Anything further on the bill, Mr. Clerk?

ASSISTANT CLERK: Mr. President, I have nothing further.

SENATOR CUDABACK: Thank you. We're back to discussion on advancement of LB 38. Any wishing to discuss advancement? Senator Raikes, there are no lights on. You're recognized to close on the advancement of LB 38.

SENATOR RAIKES: Thank you, Mr. President, members. Thank you for the discussion. I think we've examined this thoroughly, which is only appropriate. It includes two provisions, two main areas, I should say. One of them is a continuation of a provision that is now in effect to allow community college areas to make up, through a property tax levy, underfunding by the state for the formula. The other one, as Senator Landis just explained, deals with the particular issue of Northeast area's community college and an opportunity for them to levy against themselves and count on the help of other community college areas to address their fiscal issue. So, with that, I urge your support. Thank you.

SENATOR CUDABACK: Thank you, Senator Raikes. You've heard the closing on the advancement of LB 38. The question is, shall LB 38 advance to E & R Initial? All in favor of the motion vote aye; those opposed, nay. We're voting on the advancement of LB 38. Have you all voted on the advancement who care to? Record please, Mr. Clerk.

CLERK: 30 ayes, 10 nays, Mr. President, on the advancement of LB 38.

SENATOR CUDABACK: LB 38 does advance. Speaker Brashear, you're recognized to speak for the good of the body.

SPEAKER BRASHEAR: Thank you, Mr. President. Members, if I may, I happen to be here today and the...(laughter and applause)...the fog has lifted and I thought I would share with

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you a little bit of a variation on a technique for management, which I hope experience will prove is successful and that you will be approving of it, but we won't know until we've tried. Other legislative bodies at even grander levels do these kinds of things and so that's my justification for trying it. Many of you have been asking me, I think the importance of the agenda is about order and notice--what order are we going to go in and notice as to when we might go. And rather than just slogging through a long order, as we have sometimes done...I don't mean that critically, but that's what we've done...I've decided to create divisions within the senator priority bills, say, and we can have more than two, but on tomorrow's agenda you will see two divisions. Now, the most difficult question was to decide what to call the division, so you can't have an A division and a B division for senator priority bills because then people in the B want to know why they didn't make the A. And you can't have first and second, and all those variations. I thought about red and blue, but didn't think that would work. And so finally I came up with the idea that we will name the division...this is an honor we can pass around...we will name the division based upon the principal sponsor of the last bill in that division, and we'll rotate division names so that when your bill comes on at the bottom of that division, then you get to have that division named after you. And so tomorrow...I'm just explaining. Now, the reason for the divisions is, if you've noticed throughout the session thus far, we've been able to move from one category to another. I also happen to believe and hope you agree, I've tried to check this out with people, that I believe the body is refreshed by not necessarily just continuing...proceeding continuously with one bill, but rather being able to stop, like at noon, and at 1:30 go to a different category, and we can talk about then what we talked about in the morning. We can talk about it off to the side and see what we're doing. So I don't want to overexplain this, I think this is the longest explanation I've given, but we're trying to be creative in your interest and in the interest of the people's business. So tomorrow you will see that we have now, so that you have the order for a lot of bills that you've all been asking me about, you have the order and you have notice as to how we will proceed in two divisions of senator priority bills. And they happen to be, for tomorrow, the senator...the Combs

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division, and the Bourne division. All right. The final thing is I understand that I am being totally incompetent with regard to recess on the last day, that it is the tradition that we work through the lunch hour. Well, traditions are meant to be changed, and it seems to me if we reach an...a good stop pointing at approximately noon on the last day of the week, when you have all worked as hard as you have worked, then it's time to quit. And so whoever I have confused by not going until 1:00 or 1:30 or 2:00, I'm sorry, but we're going to quit at or about noon unless there's a good progressive reason to go forward. Thank you all very much for your time and your attention and your work.

SENATOR CUDABACK: Thank you, Speaker Brashear, for the information. We appreciate it. Mr. Speaker...I'm sorry. Mr. Clerk.

CLERK: Mr. President, LB 548, it's a bill by Senator Jensen. (Read title.) Bill was introduced on January 18, referred to Health and Human Services, advanced to General File. I do have committee amendments, Mr. President. (AM0735, Legislative Journal page 812.)

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Jensen, you're recognized to open on LB 548.

SENATOR JENSEN: Thank you, Mr. President. Members of the Legislature, this is the Jensen division and I'll proceed with the introduction of LB 548. Actually, looking back over my tenure and looking back over the decades that I can remember in the Legislature, I really believe that we passed monumental legislation in 1998 with the development of the Health Care Cash Fund, in taking the tobacco settlement dollars, which really was about \$1,165,000,000, and putting that into...stretched out over 25 years, of course, but put that into an annuity, if you would, or an endowment, if you would, but into a cash fund so that as the dollars flowed in we might spend a little bit of the principal but primarily the interest to fund healthcare costs for up to the next century or as until such a date as the Legislature should decide to change the process that we set forth in LB 692. So we took the tobacco settlement dollars. We

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added that to the IGT funds, intergovernmental transfer funds, to form this trust fund, and we have now been deriving about \$50 million a year, all going for healthcare cost and, like I said, will go into the next century if the future legislation...legislators agree with this premise. And so LB 548 relates to that Nebraska Health Care Funding Act. And, as you know, the Nebraska Health Care Funding Act is the mechanism the Legislature established beginning in 1998 to provide ongoing funding for healthcare in Nebraska, one of four states in the United States that took all of those dollars and put it for healthcare. I think that's one thing this...the state and certainly this Legislature should be proud of. The money, now \$50 million a year, comes from the tobacco settlement revenues and the Medicaid intergovernmental transfer, or IGT payments. By the way, the IGT payments will run off in 2008. They are slowly being diminished. LB 548 was introduced primarily to carefully protect this important funding mechanism for future generations in Nebraska. The bill deletes language permitting transfers from the Nebraska Medicaid Intergovernmental Trust Fund, to the Department of Health and Human Services Cash Fund, the Behavioral Health Services Fund, and the Attorney General Child Protection Cash Fund, and deletes absolute...obsolete language relating to transfers from the Medicaid Intergovernmental Trust Fund that have already been completed. The bill increases from \$2.5 million to \$3 million the amount of money of tobacco settlement revenues that are credited annually to the Tobacco Prevention and Control Cash Fund. LB 285A in 2003, a bill that Senator Landis set forward for Tobacco Prevention and Control Cash Fund, appropriated \$205,000 in General Fund dollars that have been going annually in 2004, 2005 to the Department of Health and Human Services for Tobacco Prevention and Control Fund. And really, what we have done is we're taking...we've increased from \$2.5 to \$3 million from that tobacco settlement dollars, as they come in, but we're not going to then go to the General Fund for the \$205,000 that we would annually produce. So really, we have increased that fund from two point...well, really, we've increased it by \$95,000. If you took 2.5 and \$405,000, that would be 2.905, so that's what we've done. LB 548 would provide that additional funding from the tobacco settlement revenues and the General Funds then would no longer be required. The bill requires that

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the transfer of the Nebraska Health Care Cash Fund from the Nebraska Tobacco Settlement Trust Fund and the Nebraska Medicaid Intergovernmental Trust Fund, \$50,000 annually, and that it would be...to be offset by the amount of the unobligated balance in the Nebraska Health Care Cash Fund. The bill limits to \$50 million the amount that may be appropriated or transferred from the Nebraska Health Care Cash Fund in any fiscal year. I might mention that in the last couple years of our budget crisis, we took unexpected...unexpended dollars, matter of fact, last year we took \$17 million, that went to other items in our budget. And, yes, I voted for some of those, but this would prevent that in the future; that only that if those dollars are unexpended they would stay in the cash fund, generate more interest. And so this fund would last, I think, into "infamy." The bill outright repeals Section 71-7601, 71-7604, 71-7609, and 71-7610. The bill contains the emergency clause. And there is one committee amendment, and what that committee amendment does, I'll tell you right now, is that it will increase the \$50 million to \$52 million. And when we passed this bill back in '98, we said that we would transmit, or take from the \$50 million, \$10 million a year for research, going to the University of Nebraska Med Center, Creighton University, UNL, and also Boys Town. And when we started in 1998, we conservatively said that that \$50 million perhaps could grow maybe to a larger amount, and of course then we hit the budget crisis and there was no opportunity. Also, when we passed LB 692, we said it will be...we would give \$10 million a year for the first two years to research, \$12 million for the next two years, \$14 million thereafter. Well, we never got to the \$12 million. What this would do, it would increase the \$50 million to \$52 million a year annually. In other words, we would increase by \$2 million, so it will be a total of \$12 million for research, and that is what the amendment does. I'll...but I'll, Mr. President, I will go into the amendment, if I may.

SENATOR CUDABACK: You're recognized to open on the committee amendments, as Chairman.

SENATOR JENSEN: Thank you. The committee amendment, AM0735, adds the operative date of July 15, 2005. It raises that

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maximum annual amount that may be appropriated or transferred to the Nebraska Health Care Cash Fund from \$50 million to \$52 million, and I would ask for adoption of that amendment. Thank you, Mr. President.

SENATOR CUDABACK:     You've heard the opening on the committee amendments to LB 548. Open for discussion. Senator Erdman.

SENATOR ERDMAN:     Thank you, Mr. President.     Members of the Legislature, some of you have asked me why I was in the minority in voting against the advancement of this bill, and I think Senator Stuthman has received similar questions. The proposal before us is a valuable one. The idea of increasing the amount of money that we spend from the Tobacco Settlement Fund to the trust fund that we have set up, these are laudable goals. These are reasons that was originally given to those entities that were around when LB 692 was passed and so, therefore, there is some desire to see those fulfilled. My concern with the underlying bill is that we're going above what we had projected. Now, the argument has been within the committee and been within the Legislature that we can afford to do more, and we may be able to. My concern is that we are going to say now it's \$52 million. Senator Jensen has pointed out that if we do this and we put this in statute, it will deter people from taking money out of this fund in the future. You know how you change that deterrent? You amend the statute. This is being in statute. This is our guidance. In the future, somebody could raid the entire amount of money. So my concern isn't with the policy as far as whether or not we should give the additional funding from \$50 million to \$52 million, but rather it's the diversion from what we intended to do with the passage of LB 692. So that was my opposition, that continues to be my opposition. It has nothing to do with the ability or the need for the money that's there, and I'm sure the Appropriations Committee members would tell you that in other areas of government there's a great need as well. I'm just not comfortable advancing this proposal with this additional revenue under some guise that we're going to be able to protect this fund from future Legislatures, because that's simply not the case. Thank you, Mr. President.

SENATOR CUDABACK:     Thank you, Senator Erdman.            Further



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discussion? Senator Jensen.

SENATOR JENSEN: Thank you very much, Mr. President, members of the Legislature. I do want to make mention to the fact that we have run these figures by our investment office and they feel very comfortable that we can increase from \$50 million to \$52 million a year. At some point in the future perhaps it can go more than that. I'm a conservative and I hope that we all look at this and these dollars conservatively, but I am convinced...and matter of fact there was some talk can we go beyond that. I don't feel comfortable in doing that, but I do feel very comfortable that we can do \$52 million a year. The Fiscal Office has run those figures by us, and I'll be glad to share those with anyone, that says this is sound; that we can do this and we can maintain this in the future. Don't ever want to get to the problem or to the time when you've got to start cutting, and we shouldn't have to do that as long as we don't tamper in the future with these funds. With that, I'd be glad to answer any other questions.

SENATOR CUDABACK: Thank you, Senator Jensen. (Visitors introduced.) On with discussion of LB 548, Senator Chambers, followed by Senator Don Pederson.

SENATOR CHAMBERS: Mr. President, I would like to ask Senator Jensen a question or two.

SENATOR CUDABACK: Senator Jensen.

SENATOR JENSEN: Yes.

SENATOR CHAMBERS: Senator Jensen, this would continue giving Creighton how much money per year, your amendment?

SENATOR JENSEN: It would continue giving \$12 million to the Med Center, Creighton, UNL, and Boys Town. The actual breakdown between those I cannot remember. I can get those for you. It was kind of based on their NIH funding, if I remember right, and I believe that that's correct.

SENATOR CHAMBERS: Is there going to be \$12 million split among

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the three, or each gets that amount?

SENATOR JENSEN:     No, no, \$12 million for four, four entities: Boys Town, UNL, Creighton, and the Med Center.

SENATOR CHAMBERS:    And they each get four...they each get \$12,000...\$12 million.

SENATOR JENSEN:    No, no, no, no.    Totally they get \$12 million.

SENATOR CHAMBERS:    Okay, so it would be an average of \$3 million.

SENATOR JENSEN:    And then that \$12 million, like I said, is broken down as to what their NIH funding, National Institute of Health funding, is to that particular entity.

SENATOR CHAMBERS:    And will that total be an increase over what is currently going to the four now?

SENATOR JENSEN:     Right now they're getting \$10 million.    They will, in the future, get \$12 million.

SENATOR CHAMBERS:    Okay.    Is there anything in this bill that goes to the tobacco abatement program, the use of tobacco?

SENATOR JENSEN:     Yes, some, and I mentioned that.    We last year added \$2.5 million per year into that tobacco control fund or abatement or prevention.

SENATOR CHAMBERS:    And how much will they get under this amendment?    Anything different?

SENATOR JENSEN:     They will...yes, they will increase to \$3 million a year.

SENATOR CHAMBERS:    From \$2.5 million?

SENATOR JENSEN:     Yes.

SENATOR CHAMBERS:    Is that the same percentage increase as these

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other four freeloaders will be getting?

SENATOR JENSEN:     I haven't that figured that, percentagewise, out.

SENATOR CHAMBERS:   But you accept my characterization of them?

SENATOR JENSEN:     I understand.

SENATOR CHAMBERS:   Do you accept that as them...as being...

SENATOR JENSEN:     I don't...well,...

SENATOR CHAMBERS:   You don't want to argue that.

SENATOR JENSEN:     Well, the one word you used, "freeloaders," I guess I wouldn't use that word myself, but...

SENATOR CHAMBERS:   You guess, but you might.

SENATOR JENSEN:     (Laugh)

SENATOR CHAMBERS:   Well, here's what I want to ask you. Why...first, how many years, for how many years have these entities been receiving money regardless of the total amount for all four?

SENATOR JENSEN:     Since the bill was passed in 1998.

SENATOR CHAMBERS:   Because I couldn't remember exactly the year, but I remember being here.

SENATOR JENSEN:     Right.

SENATOR CHAMBERS:   Why should we give this money to nonpublic institutions or entities?

SENATOR JENSEN:     Well, it is based on their research, and this is what this is all about, their research. Boy, I'm really excited and the dollars that we...

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SENATOR CHAMBERS: You don't sound excited.

SENATOR JENSEN: All right. (Laugh) The dollars that we have given to these entities, they have multiplied that ten times into obtaining other research dollars. And so the seed money, if you will, that we gave them they have planted, multiplied greatly and are bringing more money back in and, matter of fact, it is really a tremendous economic development issue for the state now.

SENATOR CHAMBERS: So they have been fruitful and multiplied, more or less.

SENATOR JENSEN: You know it says that in the Bible somewhere.

SENATOR CHAMBERS: But is that...would that apply here?

SENATOR JENSEN: Yes, it would.

SENATOR CHAMBERS: Has Creighton...let me start with a state entity first. Has any state entity connected with the university or the Med Center come up with any noteworthy discovery recently that was acknowledged in the newspapers that you're familiar or aware of?

SENATOR JENSEN: There has been some, yes, there have, and...

SENATOR CHAMBERS: Anything recently?

SENATOR CUDABACK: One minute.

SENATOR JENSEN: I can get that information for you...

SENATOR CHAMBERS: No, I meant are you...

SENATOR JENSEN: ...both from Creighton and from the Med Center.

SENATOR CHAMBERS: Off the top of your head, can you think of anything recently?

SENATOR JENSEN: Some of those...

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SENATOR CHAMBERS:    Okay.    I won't...

SENATOR JENSEN:       ...get very technical.    No, I cannot off the top of my head.

SENATOR CHAMBERS:    There might be something that Dr. Johnson can help us with, but since my time is running out, I will put my light on if I can speak again before we recess for the evening.

SENATOR JENSEN:    Sure.

SENATOR CHAMBERS:    Thank you, Senator Jensen.    Thank you, Mr. President.

SENATOR JENSEN:    Thank you.

SENATOR CUDABACK:    Thank you, Senator Chambers.       Senator Don Pederson.

SENATOR D. PEDERSON:    Mr. President, members of the Legislature, when we initiated this implementation of the tobacco settlement funds, it was done in a fashion.    The Chairman and the Vice Chairman of the Health and Human Services Committee, the Chairman and the Vice Chairman of the Appropriations Committee sat down and worked out the funding mechanism and went through the various criteria by which we would determine that the monies could most appropriately be distributed.    And it's interesting that after this many years that mechanism has worked to most everyone's satisfaction.    And the interesting thing about the distribution of these settlement funds, I think Nebraska is one of the very few, and maybe the only one, of the states that has used their tobacco settlement funds for health purposes.    Other states have used it for highways.    They've used it for building schools.    They've used it for other purposes, and Nebraska has stuck to the idea that the reason why we have tobacco settlement funds is because of health issues within the state of Nebraska, and we have applied those funds in that way.    The monies were to be distributed among the entities that do research, and those entities were the ones that Senator Jensen has enumerated.    So the initial proposal, and it was legislative proposal, would be

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that we would start out with \$10 million, then we would go to \$12 million, and then \$14 million. But the problem was we ran out of money so we couldn't go through the initial proposal carrying out the plan. So what we did, we stuck it at \$10 million, and now, after very, very careful study of the availability of the tobacco settlement funds, going at it from all different directions to see that the proceeds are viable in this fashion, we have proposed, though Senator Jensen's bill, that we go back to the \$12 million, increasing by \$2 million the amount that has gone to research. And I would ask Senator Jensen if he has some information about...you know, we've been talking about economic impact in the state and we talk about economic development, what we need to do to make this state viable, and the research entities here have done remarkable things if we would talk about how they have parlayed the dollars that have been given to them for research and made those very viable economically. Senator Jensen, would you yield to remarks in that respect? You have some facts and figures on the way in which that has been implemented to increase the economic viability of the state.

SENATOR CUDABACK: Senator Jensen.

SENATOR JENSEN: Yes, thank you, Senator Pederson, and I had some items on my desk and we got through that last bill kind of quickly all of a sudden at the end and I did not bring those up. But the dollars that we did present from this, LB 692 dollars, the tobacco settlement fund, the universities and the other entities have multiplied those 10 and 12 times, even more than that. Certainly, if none of you have been to either Creighton or the Med Center, the Med Center, with their new research facility down there, I would certainly encourage you to do that. There was an article in the paper here just last week about there was a strain that was developed that's being used now worldwide that it even has Nebraska as part of the name of that strain. Also, there has been some trailer industries that have even followed into Nebraska because now of this research dollars that we have brought in that are starting to be developed, and we are being designated as a research center, which is very exciting to me. And I think that we're going to see some tremendous discoveries come out of this. You know, this has all

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been rather recent. We've got...

SENATOR CUDABACK: One minute.

SENATOR JENSEN: ...investigators now that are working on research that are bringing with them research dollars, so, again, that multiplying effect through this whole system.

SENATOR D. PEDERSON: Thank you, Senator Jensen. I think the point I was wanting to make is that we try and say how can we use economic dollars. Now let's just forget about the beneficial aspects of this from a medical standpoint and from a research standpoint, but look at it just plain economically. And if you can take \$1 and put it into an entity like this and get 10 to 17 percent return on that...or 17 times, I don't mean percent, I mean times, \$1, you get \$17 back, I think anybody would say that was a great economic tool. So I'm very pleased that the way that this has worked out and we're fortunate that the monies are there to do this sort of thing, so this gives us an opportunity to continue with the advancement both of the medical research side of things, the scientific research, and then also the economic impact, not just on...

SENATOR CUDABACK: Time.

SENATOR D. PEDERSON: ...the city of Lincoln but...or the city of Omaha, but rather for the state of Nebraska. Thank you.

SENATOR CUDABACK: Thank you, Senator Pederson. Senator Chambers.

SENATOR CHAMBERS: Yes, Mr. President, thank you. Senator Jensen, how much opposition would it stimulate in your if, instead of dividing up...you're going to add \$2.5 million for these four entities in this committee amendment.

SENATOR JENSEN: Two. Two million.

SENATOR CHAMBERS: Two million. How would you...these entities, yes, I stand corrected. How much opposition would you have if I would amend it to let these other three entities get what

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they're getting and give that full \$2 million to the Medical Center instead?

SENATOR JENSEN: I would be opposed to that in that we set forth an agreement some time ago on this, since 1998. It's been working very good. You know, some of those dollars, those research dollars, by the way, are being used for minorities, both in research and minority investigators or scientists, if you will, that...

SENATOR CHAMBERS: At Creighton?

SENATOR JENSEN: Yes.

SENATOR CHAMBERS: Who all do they include among minorities, that term? They don't just mean people of color, do they?

SENATOR JENSEN: Yes, people of color, and also women.

SENATOR CHAMBERS: So how many...what percentage is women and what percentage would be...

SENATOR JENSEN: I don't have the percentage.

SENATOR CHAMBERS: It could be 90 percent women and that would qualify as minorities based on the way they use that term. Isn't that correct?

SENATOR JENSEN: It could be. I'm sure it's not.

SENATOR CHAMBERS: If it were, then what?

SENATOR JENSEN: Well, certainly I...

SENATOR CHAMBERS: It would meet your...it would meet your understanding of the agreement, but it might not be satisfactory to me. Would...could you understand that, even if you didn't agree with it?

SENATOR JENSEN: I would understand that.



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SENATOR CHAMBERS: Women don't constitute a minority really, do they, numerically speaking?

SENATOR JENSEN: Not numerically.

SENATOR CHAMBERS: So how can they be deemed a minority for any purpose?

SENATOR JENSEN: Well, they are still in business.

SENATOR CHAMBERS: They might be underrepresented there, but they're not a minority, are they?

SENATOR JENSEN: Not in numbers.

SENATOR CHAMBERS: So then why are you going to dilute what might be available for those groups which truly constitute not only a numerical but an underrepresented minority? Why has the term been diluted and expanded to include what really is the majority group? Isn't that for the purpose of taking away from those minority group members and throwing a bone every now and then to females?

SENATOR JENSEN: Well, I don't know. If we're talking about scientists, it would be...the feminine gender would be a minority of scientists.

SENATOR CHAMBERS: So you're not talking really about a minority, but underrepresented in a particular field.

SENATOR JENSEN: Well, both. I know Creighton, for instance, have done some research on minorities in the way of diabetes and also smoke...smoking cessation and lung, and so they have gone into areas that where the minorities have a higher percentage in a certain healthcare arena.

SENATOR CHAMBERS: But those are not minority group members being brought into the science to do that work. Isn't that true?

SENATOR JENSEN: They may or may not. I have not looked that

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recently at those numbers. I...we can sure get those for you.

SENATOR CHAMBERS: Would you by the time this comes up on Select File?

SENATOR JENSEN: I will. I will get you a complete listing of all those.

SENATOR CHAMBERS: Now...

SENATOR JENSEN: And I'm sorry, I should have done that.

SENATOR CHAMBERS: Nobody raised the question. I'm just now raising it, so I'm not expecting you to answer right this minute. Senator Jensen,...

SENATOR CUDABACK: One minute.

SENATOR CHAMBERS: ...is that basically what this bill will do, it will handle that \$2 million, or is there something else that the bill will do in addition?

SENATOR JENSEN: Well, the bill has got a couple things. It removes some obsolete language. It increased slightly the tobacco prevention dollars and then the \$2 million for research.

SENATOR CHAMBERS: But those, basically the tobacco and the research, are the big things. Then the obsolete language is not really too consequential.

SENATOR JENSEN: That is correct.

SENATOR CHAMBERS: Suppose the only thing we had left when this bill gets to the Governor's desk is the entities remain where they are but, so that we won't have that setting aside of money be in vain, we give \$2.5 million to that tobacco program to try to fight against the use? Because there has not been a decrease any more but the use of tobacco among young peoples has...people has stabilized and in some cases is rising.

SENATOR CUDABACK: Time, Senator.

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SENATOR CHAMBERS: Oh, thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Chambers. Senator Erdman, followed by Senator Smith.

SENATOR ERDMAN: Thank you, Mr. President. Members of the Legislature, I feel like I need to clarify my comments, and I think Senator Pederson's comments were on target. The money that is...or the benefit, I guess, from the state, if you want to call it economic development or return on your investment, has been great, and I think Senator Jensen has pointed that out. My opposition to the bill, and if you'll actually read the bill and the committee amendment, it doesn't target where the money goes. It just adds the extra money and then that would be dealt with in a separate situation. But if it is that important for us to be able to put more money into that area that we, as a body, agreed to, those of us who were here under LB 692, with intent language that we have since diverted from and have been taking that intent language out as far as future appropriations. But if our...if our true goal is to get back to what the intent was, then we should be at the \$14 million amount instead of the \$10 or \$12 million amount. But my ultimate goal is let's prioritize it. If it is that important, and I think Senator Pederson has made a great case, then let's say we need to put this money in here and let's make an offset. Let's make an offset in the fund so that later on we haven't set an example for those who may follow us. Regardless whether they pay attention or not, they'll look back and say, they made those decisions in prioritizing where that money should be spent. The reason why other states have gotten in trouble with their settlement funds is because they haven't done that. You're absolutely correct, Senator Pederson, that we are held up as an example for how you should set up the state's funding using the Master Settlement Agreement and the money that comes from that. I don't dispute that whatsoever. My concern is that we should be setting priorities instead of just adding to the fund. I'm hesitant to move forward. It doesn't mean that I think this is a bad idea. It doesn't mean that I think that this is irresponsible in some way. My level of comfort is not to the point where I can press green. And people were asking me why I

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was opposed to the bill coming out of committee. The bill coming out of committee, without the committee amendment, accomplishes a goal which I would like to see, and that is it clearly sets out the fact that we'd like to limit the money that is distributed annually to \$50 million a year. The argument is actuarially we can do it, we can go to \$52 million. And some have argued that we can go to \$55 million. And later on we may be able to go to \$60 million. At some point a few years ago we had actuarial studies that showed our defined benefit plans in retirement were actuarial sound as well, but there are factors outside our control that could impact that and, depending upon other bills and other situations that may need funding, could also impact this fund, not now and not in the short term, but in the long term. That's simply my concern. So, to the extent that Senator Pederson's speech is on target, absolutely, and if we as a body want to prioritize that and continue to use the argument that he made is economic development, let's do that. Let's do that. But let's not be under the illusion or the assumption that we're somehow restoring the trust that was violated when we didn't meet the intent language in LB 692, because we're not. We're \$4 million short because for the last two years we've still been funding the research portion at \$10 million. So we should give them \$4 million in addition, and then start off at \$14 million if our goal is to keep the intent of the original bill. So we have to make a trade-off there. I'm willing to stay at the \$50 million, but I'm also willing to look at where we're spending money and prioritize it to make sure that what we're doing makes sense, that it maximizes the amount of money that we're being...that is being spent from the tobacco settlement fund annually. And if the body wants to go to \$52 million, it can go to \$52 million. If you want to go to \$60 million, if you want to go to whatever amount is actuarial sound, go for it. I'm just letting the body know the reason I voted no on the bill coming out of committee and the reason I have concerns here is not on the underlying value of the proposals or the projects, but rather on the policy decision that we're diverting from where we had set the limit prior. Thank you, Mr. President.

SENATOR CUDABACK: Thank you, Senator Erdman. Senator Bourne.

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SENATOR BOURNE: Thank you, Mr. President, members. Would Senator Jensen yield to a quick question?

SENATOR JENSEN: Yes, Senator Bourne.

SENATOR BOURNE: Senator Jensen, I'm having a hard time tracking what Senator Erdman is talking about. As I read the bill, it says that you're...the fund is not being used to the extent that it actuarially could be, and you are allocating an additional \$500,000 to smoking cessation. Is that accurate?

SENATOR JENSEN: Yes. Yes and no. Actually we were at \$2.5 million for smoking cessation, plus there was \$405,000 from General Funds that we were putting into this.

SENATOR BOURNE: That was the money we added last year as a compromise?

SENATOR JENSEN: That is correct.

SENATOR BOURNE: Okay.

SENATOR JENSEN: That was a compromise. So, rather than go back to the General Fund each year, that really is somewhat cumbersome, so we increased from \$2.5 to \$3 million a year for that smoking cessation program.

SENATOR BOURNE: Okay, and is that...okay, so the \$400,000 then would stay in the General Fund, and on an ongoing basis we're going to use an additional \$500,000 from the trust to fund the cessation.

SENATOR JENSEN: That is correct.

SENATOR BOURNE: And is that supported actuarially, meaning the fund can handle that?

SENATOR JENSEN: Yes, it is.

SENATOR BOURNE: Are we dipping into the principal by that change?

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SENATOR JENSEN:     It does come into the principal because it's drawn out immediately when we see the dollars.     However, with that, we've still taken those numbers, we've run them on out, and it is absolutely sustainable and, as a matter of fact, it's conservative.

SENATOR BOURNE:     Okay.     And I guess when I say the principal, there was an actuarial printout, as you mention, that in the beginning years we are drawing from that principal and then down the road we are no longer doing that.     So...

SENATOR JENSEN:     That is...that is correct.

SENATOR BOURNE:     Okay.     Okay.     Thank you, Senator Jensen.     I appreciate your comments.

SENATOR CUDABACK:   Thank you, Senator Bourne.     Mr. Clerk, items for the record?

CLERK:     Mr. President, your Committee on Enrollment and Review reports LB 82 and LB 351 to Select File.     New resolution, LR 74, is by Senator Howard, calling for an interim study; that will be referred to the Executive Board.     Amendments to be printed: Senator Beutler to LB 70, Senator Burling to LB 542, Senator Bourne to LB 361.     Senator Dwite Pedersen would like to add his name to LB 239.     (Legislative Journal pages 1122-1127.)

And I do have a priority motion, Mr. President.     Senator Brashear would move to adjourn until Thursday morning, April 7, at 9:00 a.m.

SENATOR CUDABACK:   The motion, to adjourn till Thursday morning, April 7, 9:00 a.m.     All in favor of the motion say aye.     Opposed, nay.     We are adjourned.

Proofed by:     J. Hurlbut